Daily Report

Latin America

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OAS Session Convened on U.S. Haiti Position

PY0605022394 Montevideo Radio Carve in Spanish 0000 GMT 6 May 94

[Text] The Uruguayan Government has convened an extraordinary session of the OAS Permanent Council tomorrow to discuss possible military intervention in Haiti by the United States. This information was confirmed by Foreign Minister Sergio Abreu who, commenting on another issue, underlined that Uruguay has not adopted any unilateral position concerning the common external tariff.

During a briefing before the Senate International Affairs Committee this afternoon, Abreu pointed out that Uruguay's aim in convening an extraordinary session of the OAS Permanent Council is to find the means to prevent a unilateral decision that may affect the principle of nonintervention and harmonious relations in the hemisphere.

With regard to Mercosur [Common Market of the South], the foreign minister stressed that neither negotiations nor the work of task forces with other member countries have been suspended. He noted that all negotiations, whether with NAFTA or the EC, will be undertaken as a group.

Commenting on the situation in Haiti, Abreu said:

[Begin recording] [Abreu] Well, in view of the announcement made by the U.S. President concerning a possible military intervention in Haiti, the Uruguayan Government has decided to convene an extraordinary session of the OAS Permanent Council to exchange ideas on this situation, and perform what we consider an act of preventive diplomacy, i.e. to seek the necessary means and instruments to stave off a unilateral intervention that may affect the principle of nonintervention and the harmonious functioning of hemispheric relations.

[Unidentified reporter] Have you already discussed this issue with lawmakers?

[Abreu] Exactly, we have informed the International Relations Committee about this, in the first place, as it is not only an issue of prime importance but also pertains to the country's foreign policy. And above all there is the need to seek a dialogue that will enable parties to abide by the Governor's Island agreement on Haiti and to prevent unilateral measures that may affect what we believe is a principle that must be respected in a clear way and with no restrictions.

[Reporter] What conclusions have you derived from your meetings?

[Abreu] Well, we have discussed the Haitian issue with the Bolivian foreign minister, who presides over the ad hoc group. He entirely shares our views. We understand that this issue must be assessed [words indistinct] so that it can then be submitted to the OAS General Assembly, which will be held in Belem, Para State, Brazil, at the end of the month. We have also had a telephone conversation with the Brazilian foreign minister, who is at present in France, and with the Chilean foreign minister. We were all of one mind regarding our concern about and interest in warding off unilateral intervention. We therefore agreed to discuss this issue at the appropriate forum, which is the OAS, and above all to start working with a view to devising a solution which, I repeat, combines the interests of democracy and also full respect for the principle of nonintervention.

[Reporter] Did you discuss the Mercosur issue with lawmakers?

[Abreu] Yes, we have made it clear—and it is very important for the press to record this—that there is absolutely no unilateral proposal on the part of Uruguay concerning the common external tariff. We have not suspended negotiations, and Uruguay has not withdrawn from the task force. [end recording]

These were the remarks made by Foreign Minister Sergio Abreu.

Cuba

Castro Addresses Small Island Nations Summit

FL0605004094 Havana Radio Rebelde Network in Spanish 2300 GMT 5 May 94

[Speech by President Fidel Castro to the First International Small Island Nations Conference on Sustainable Development, in Bridgetown, Barbados, on 5 May—recorded]

[Text] Mr. President, Your Excellencies:

The powerful are discussing the outlines of the new partition of the world. Poor and small countries are trying to figure out how we are going to survive in the upcoming decades. Since we are islands barely a few meters above sea level, we ask ourselves: What will happen when the water level rises? Will we be able to withstand the droughts, hurricanes, and other weather disasters awaiting us?

It is more than an issue of our cultural and human wealth; what is at stake is our very lives, our existence as nations. We are not responsible for this. Others colonized and exploited us. Consumer societies destroyed the environment; annihilated millions of plant and animal species; poisoned the seas, rivers, and lakes; polluted the air; saturated the atmosphere with carbon dioxide [as heard] and other noxious gases; tore apart the ozone layer; depleted oil, coal, natural gas, and solid mineral deposits of enormous wealth; cut down our forests, and ruined theirs.

What is our inheritance? Underdevelopment, poverty, dependency, backwardness, debt, and uncertainty. What are they talking to us about now? About sustainable development. Great. We believe in that. To that we aspire. However, is such development possible with immensely wealthy societies that can survive only on the basis of continuous growth and only at the expense of exhausting natural resources?

What do they need more wealth for? While Switzerland has a net per capita income of $34,000; Bangladesh, with over 100 million people, and threatened with being swallowed by the sea, has a per capita income of only $210. The chasm between the rich and the poor grows larger everyday. Is this contrast the absurd, irrational example given to the peoples of the Third World?

The arms race continues. The weapons trade is on the increase. The most powerful nations sell the most weapons; they do not mind profiting from the death of others. Why should they care about the environment and the fact that islands are sinking underwater? To highly developed societies, the problem is not one of growth, but of distribution; not only of distribution among themselves, but distribution among all. The so much discussed sustainable development is impossible without a more equitable distribution among all nations. There cannot be sustainable development for a part of the world, and underdevelopment for the rest. Whether they like or not, mankind is today one large family and we will all meet the same fate.

Let deceitful words be used less, and let there be a change in philosophy since such a selfish philosophy has yielded only the catastrophes we endure today, and the worse ones we will endure tomorrow.

Let us hoist above our islands the banners of truth. The poorer and smaller we are, the more firm and courageous our words should be. Let us not resign ourselves to the sad role of those Roman gladiators who bid goodbye to their masters with the well-known, sad phrase: Farewell Caesar, those about to die salute you.

We ought rather to tell them: We will die if necessary, but not as slaves. We will die proclaiming that we will fight for our futures, that we will fight for our truth, and that our people, children, and grandchildren also have a right to live. Thank you very much. [applause]

Speaks on Environmental Issues

FL0505222794 Havana Radio Reloj Network in Spanish 1932 GMT 5 May 94

[Text] There cannot be sustainable development for a part of the world, and underdevelopment for the rest. This was said by Cuban President Fidel Castro on 5 May at the First International Small Island Nations Conference. In his address to the plenum of the summit, comprising approximately 50 delegations in Barbados, Fidel pointed out that the problem of sustainable development will not be solved unless there is a more equitable distribution of the world's wealth.

Fidel added: We are islands a few meters above sea level. We ask ourselves what will happen when the water level rises, and whether we will be able to withstand the droughts, hurricanes, and other weather disasters awaiting us. Fidel also pointed out: We are not responsible for this; others colonized and exploited us. Consumer societies have destroyed the environment.

Commander in chief Fidel Castro today emphasized that while annual per capita income of Switzerland is $34,000; Bangladesh, with over 100 million habitants, and in danger of disappearing underwater, has a per capita income of barely $210. Castro said this during the 5 May session of the First International Small Island Nations Conference being held in Bridgetown, Barbados.

Castro added that the arms race continues, weapons sales are on the increase, the most powerful nations sell the most weapons, and do not mind profiting from the deaths of others. Why should they care about the environment and the fact that islands are sinking underwater?

All the heads of state and government present in Barbados are participating in today's meeting; they are scheduled, on 6 May, to approve a program for action on sustainable development for small island nations.

Barbados Minister on Castro Presence

FL0505233694 Havana Radio Reloj Network in Spanish 1934 GMT 5 May 94

[Text] Barbados Foreign Minister Branford Taitt stated to PRENSA LATINA that the presence of Cuban President Fidel Castro at the First International Small Island [Nations] Conference has greatly contributed to defining the objectives and strategies of the conference.

Following a brief meeting with Cuban Foreign Minister Roberto Robaina, Taitt said he had been excited to learn that Fidel Castro was to attend the Bridgetown conference. Taitt pointed out that Fidel Castro's address to the plenum was brilliant, and that he personally believes Castro's presence lends greater importance to the conference and contributes to defining fundamental elements in the strategies of sustainable development of the small island nations.

Taitt added that the process of integrating Cuba into the Caribbean Community's economic mechanisms would not suffer delays due to external pressures.

Robaina Holds Bilateral Meetings

FL0605020494 Havana Radio Rebelde Network in Spanish 2300 GMT 5 May 94

[By special correspondent to Barbados Gisela Bel Heredia]

[Excerpt] [passage omitted] Cuban Foreign Minister Roberto Robaina also held bilateral meetings with members of the delegations from Trinidad and Tobago, Antigua and Barbuda, Barbados, and Guyana; and in all cases, the support of Cuba and the rejection of the blockade have prevailed. Likewise, the delegates conveyed positive expressions of support to Cuba's entry into the Association of Caribbean States.

At the conclusion of the first day of work by the highest-level members of the conference delegations, the path to the Declaration of Barbados and the action plan has been paved. These documents will be approved at the closing of the conference's debates.

The need to defend our natural resources and to establish policies to enhance the environment, and the quest for ways that lead to the survival of the small insular states are the main prevailing proposals in this conference.

According to the agenda, the first Global Conference on Sustainable Development will conclude tomorrow. This conference has been going on in the capital of Barbados since 25 April. Over the past two days, several chiefs of states and of governments have joined experts and active members of various organizations participating in this conference.

Commentary on Clinton's 'Anti-Cuba' Policy

FL0505142094 Havana Radio Rebelde Network in Spanish 1155 GMT 5 May 94

["Our Opinion" commentary by Orlando Contreras]

[Text] Responding to a question asked by a Cuban reporter, President Clinton reiterated variations of an aged anti-Cuban policy of the Cold War. On the Global Forum program, which according to reports was viewed by more than 200 million people in different parts of the world, including the United States of course, Clinton backed the Torricelli Law and said that Cuba should assume the model of democracy that is pleasing to Washington, so that the United States can modify its policy toward our country. Up to a certain point his desire to secure the electoral votes of the State of Florida for his aspirations to be reelected as president weighs on White House decisions regarding Cuba.

Despite the previous points, which are a variation of the same issue, certain tones were observed in Clinton's answer to reporter Taladrid, of Cuban television. I believe that, despite all the boring anti-Cuba rhetoric that in fact violates principles of international rights, the UN Charter, and the reformed agreements of the General Accord on Tariffs and Trade, the anti-Cuba policy of the current U.S. Administration is not identical to that of the Republican decade.

Maybe, during his second and last term, Clinton will listen to the demands of important sectors from political, industrial, trade, and intellectual circles within the United States and decide to modify the conservative and outdated aspects of his predecessors' anti-Cuba policy. But the fact remains that today, taking into account the aforementioned tones, that the policy of imperial hegemony remains in force.

Colombia's Sanin Notes Castro 'in Perfect Health'

FL0505130394 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 5 May 94

[Passages within quotation marks recorded]

[Text] Colombian Foreign Minister Noemi Sanin concluded an official and intense visit to Cuba, which included with a meeting with Cuban President Fidel Castro. Sanin described the meeting as frank, profound, and enriching for increased mutual understanding.

[Sanin] "President Fidel Castro's appearance was the same as always, because I have always seen him as dynamic, energetic, and in perfect health. We also had a long conversation and I believe that after we finished, he went on to other matters. Therefore, his health is perfect. I bear a message of friendship from President Castro to President Gaviria, which was the same message I delivered, as two countries that have full diplomatic relations."

During the news conference Minister Sanin responded to questions referring to the sale of Colombian oil to Cuba.

[Sanin] "This is merely a commercial issue, and it is being treated in that manner by Colombia and Cuba. We are discussing methods of payment, guarantees, and the time period."

Noemi Sanin spoke to reporters about her visit to Cuba during the news conference.

[Sanin] "It has been a very successful visit because we have completed the entire agenda. We have exchanged opinions, and we reviewed our new relations because it has only been seven months since they were reestablished. Nevertheless, we must stress that the relations are dynamic."

Minister Sanin also met with Revolutionary Armed Forces Minister Army General Raul Castro; Carlos Lage, vice president of Council State; Ricardo Alarcon, president of the National Assembly of the People's Government; and other governmental officials. Foreign Ministers Sanin and Robaina signed an agreement in the area of education that standardizes higher education diplomas and titles. Furthermore, they exchanged the instruments of ratification for the cultural cooperation agreement signed in 1978 between the two nations.

Early, this morning, Sanin inaugurated the Colombian Hall at the National Library, which received a large donation of books on different topics. At the inauguration of the display, Sanin said: We want Cubans to get to know us better. She also took advantage of the opportunity to announce the creation of chairs on Cuba in several Colombian universities.

Noemi Sanin also visited the House of the Americas, which received a donation of Colombian art. During a meeting she held there with Cuban writers and artists, she recognized Cuba's achievements in the cultural and educational fields and called for greater bilateral exchanges in those spheres.

Colombian Foreign Minister Noemi Sanin departed for Caracas earlier this evening, where she will participate in a summit between the presidents of Venezuela and Colombia.

Chilean Parties Advocate Cooperation

FL0605021594 Havana Cuba Vision Network in Spanish 0000 GMT 6 May 94

[Text] The two main parties that comprise the government coalition in Chile advocate official plans to increase ties of cooperation with Cuba. Gutenberg Martinez, president of the Christian Democratic Party, asserted that his organization has a positive view toward any effort that could signify solidarity with the Cuban people.

Socialist Party President Camilo Escalona expressed his belief that the upcoming Ibero-American Summit represents a good opportunity for Chile to substantiate its plan of cooperation with Cuba.

Decree-Law 149 on Confiscation of Goods Outlined

FL0505213794 Havana Radio Rebelde Network in Spanish 1700 GMT 5 May 94

[Text] Today, the newspaper GRANMA printed Decree-Law No. 149 on the confiscation of goods and assets obtained through illegal enrichment. The document reflects the decision adopted by the Cuban parliament in response to demands by the majority of our people, charging the Council of State with adopting effective and exemplary measures against those who obtain illegal possessions as a result of theft, speculation, embezzlement, black market activities, or other forms of enrichment that negatively affect the most vital interests of our society.

The decree-law provides for the confiscation and expropriation by the Cuban State, without any right of indemnification, of goods and assets obtained by people who directly or through third parties illegally increase their possessions in amounts beyond their normal income.

The minister of finance will impose, through a resolution, the sanction of confiscation of goods and income in cases to which Decree-Law No. 149 refers. The Republic's attorney general will have the authority and legal faculties necessary to conduct investigations, and to substantiate procedures of confiscation, acting on his own initiative by virtue of any information obtained.

The confiscation process will be directed against property owners, holders, or bearers of goods and assets, including those of third parties who benefited from them and who fictitiously appear as their owners. The attorney general's office, according to the results of the preliminary investigations, through a resolution, can retain the goods and assets of the person affected, and take any precautionary measures necessary to guarantee the fulfillment of the law.

The attorney general's office will also determine any actions required by public officials, employees of any entity, or by administrative or public officials to substantiate the case, and to implement any preventative measures that it may determine. These actions must be executed within a specific period of time.

According to the decree-law, once the attorney general's office adopts the necessary preventative measures on goods and assets, he will immediately call for legal proceedings in which those actions must be substantiated, and where those affected can present documents to justify the legitimacy of possession of those goods. According to the result of the proceedings, the attorney general's office will adopt one of the following actions:

Prepare the preventative measures that correspond to the goods and assets in case of not having already done so, and in that case, to ratify or modify the established measures or to annul them;

Pigeonhole the case file and annul the preventative measures, granting the return of goods and assets to their legal titleholders and owners;

Present the records with the confiscatory claim to the minister of finance and begin penal proceedings independent of the confiscatory action, if the investigation determines the existence of a crime.

Decree-Law No. 149 establishes that its implementation will be retroactive, given social interest, public use, and national needs. All acts carried out in an attempt to cover up the illegal character of an acquisition of goods or assets to which the document refers, and all actions carried out to avoid its application are annulled and lose all judicial value.

The Council of Ministers is in charge of dictating regulation of the decree-law. All laws, decree-laws, decrees, and other legal dispositions that oppose the fulfillment of this Decree-Law No. 149 are abolished. Decree-Law No. 149 will become enforceable from the moment of its publication in the official gazette of the Republic of Cuba.

Journalists Discuss Decree

FL0605010294 Havana Radio Rebelde Network in Spanish 1600 GMT 5 May 94

["Straight Talk" program with host Luis Sexto from BOHEMIA magazine and guest Osvaldo Rodriguez from JUVENTUD REBELDE newspaper—live]

[Text] [Sexto] The decree-law on confiscation of ill-gotten goods has just been promulgated. In other words, the crusade against the hoarders has just begun.

[Rodriguez] I did not like that bit about crusade because that might give the impression of a campaign, something here today and perhaps gone tomorrow. I seems to me that this is precisely an act of national defense, wholly unrelated to a crusade or campaign.

[Sexto] Then, do you believe the hoarders could reappear? Do you not believe that when the hoarders are crushed, and conditions are created so they do not reappear, this might have been a crusade, something we can file away in history as a gray period, a file on a social germ which arose before our noses and we rejected?

[Rodriguez] When a farmer cuts down weeds, he does so hoping they will never grow again. However, during the next planting cycle, he has to do it all over again. He has to weed the crops.

[Sexto] I believe that what has happened is that the hoarders have been allowed to flourish alone for too long because we lacked this legal tool made public today.

[Rodriguez] We can all remember that there was a program against hoarders. However, our legislation only allowed for crime that was proven and therefore, today's decree-law on confiscation of ill-gotten goods is a new tool because this is also a new phenomenon.

[Sexto] I used the term crusade in a semantic manner. The crusades of history were temporary, provisional processes; there was an initial boom that later faded away. Crusade has always been understood as the impetus of a certain campaign, action against specific phenomena, which later diminishes. What I mean is that Cuba, with this decree-law conducted as an act of national defense—obviously, our society...

[Rodriguez, interrupting] Excuse me, but let us replace crusade with: we are defending the nation even more.

[Sexto] We are defending the nation even more. In other words, our country is confronting very powerful, strong, dire circumstances and hardships. Cuba needs above all to cleanse itself, to eliminate obstacles and roadblocks. Evidently, the proliferation, particularly during this time of crisis, of harmful, immoral, illegal elements was weighing down our people even further. It is one more element of deterioration and demobilization.

[Rodriguez] Not only that, they are corrupt and corrupting elements.

[Sexto] Corruptors and demobilizers. To date, there has been a certain impunity against [words indistinct] profiteering.

[Rodriguez] In addition, they promote crime.

[Sexto] I am not saying that that impunity was the result of laziness, carelessness, or indifference. I believe that under these dire circumstances, the nation has had to fight on many fronts. Therefore, in these periods of crisis, of shortages, these periods when self-confidence can be momentarily lost, it is logical for these manifestations of vice to proliferate and even increase because then the society is a medium for this to happen. I believe we are now reacting decisively, firmly, and physically.

[Rodriguez] Although we have semantic differences, in general we fully agree. I believe that the decree-law on confiscation of ill-gotten goods is today applauded by the great majority of the people.

Of course, those affected will never be able to applaud it. It is applauded above all because it responds to the clamor of the people. Recently, we spoke of the [words indistinct] and mentioned how far the workers' [words indistinct] reaches. This demonstrates that the Cuban Government does listen to its people, its workers; and acts on the basis of what the masses entrust it with. Therefore, the people do rule here.

[Sexto] That clamor was very natural because despite the difficulties the Cuban people confront today, despite the difficulties that relax or stretch morals and values because we are even under survival conditions—and morals have a certain relativity, are not absolute, fixed; they move according to prevailing material conditions in human societies—anyhow, that clamor is logical because

despite the fact that our people have great ethical reserves, our people are sickened by injustice, reject being exploited. We have not been resisting exploitation for so many years on a whim. We have been defending independence and social justice. This is precisely why I feel this is deep within the Cuban national character.

[Rodriguez] There is also a practical consideration regarding the confiscation of ill-gotten goods. The people are concerned with how we are going to identify the hoarders. I think that we have to collectively participate in denouncing those who will quietly try to evade the law.

I believe that in the neighborhoods, it is very hard not to know who those people are, those people who accumulate goods illicitly; who live above the means of his neighbors; and in addition, who sneer at the community around them; corrupt the community around them; have a group of collaborators; and I have been told—although I have yet to see this—that some even have bodyguards, in addition to many cars, and a lavish lifestyle.

[Sexto] I do not think that it will be difficult to identify them because ostentation and vanity are inherent in this type of vice. Those who make money easily are given to vanity, luxury, ostentation; and I believe these are the marks each one of these hoarders leave on the rest of society. In other words, the product of their ostentation and vanity.

I want to [words indistinct] it seems to me because one speaks with people, people call, write. I believe we have to be careful in identifying the hoarders. In other words, our people have a high concept of justice, but that justice has at times deviated toward egalitarian stands which are unfair per se. I believe it is good to stress that this decree is aimed at those who have profited illicitly. We cannot put in the same category workers who having given their intelligence, hard work, brilliance, and talents, have attained a higher standard of living because they have had many sources of income, salaries that are the product of honest work. We have to be careful with this. Here we are always going to refer to those who have profited by exploiting the needs of others. This is what we have to reject, condemn, and repress.

[Rodriguez] I believe this warning you issue is very good because it has been said many times that hoarders are all those who have amounts of money and live above the means of the rest of the people. However, we have to acknowledge that there are people who have attained that money honestly. This decree-law very well specifies illicitly gotten goods because those attained through legitimate means—for example, inheritances—we have to point out that there are still families in Cuba who inherited money from their relatives from the capitalist era and are still living among us. Perhaps, they live in a large house, have a vehicle and a life-style well above that of the average people, but we cannot condemn them for having inherited that, or having obtained it through legitimate means.

[Sexto] Of course, no one in Cuba is, nor can be against people having what their work allows them to attain. In other words, if I am very intelligent and hard-working, no one can reproach me for my higher income or lifestyle, over those who are not equally intelligent of hard-working. I am personalizing this. I am not that intelligent, nor that hard-working. This is clear. The listeners understand that. I am giving an example on a personal level.

We have to be careful. In our society, work is the first duty of the citizen. It has to be a means for the citizen to hope for a better life as an individual. No one can condemn or reject this, nor harass anyone who is better off as result of his work.

[Rodriguez] We also have to discuss a concern that numerous listeners and JUVENTUD REBELDE readers have expressed regarding the emergence of new legitimate hoarders on the basis of self-employment because self-employment work yields fairly high dividends in certain highly demanded sectors. I believe this concern of the people ought to be the focus of that group of measures begin taken today by the Cuban Government because it is an issue to everyone, according to their work, but excesses are not good either. I believe that self-employed workers ought to pay adjusted taxes according to their income. This will avoid the appearance of excessive wealth because these people also do not report practically anything to the people. I am referring to the hoarders, the ones [words indistinct].

[Sexto] Self-employment today in Cuba is as legitimate as collective, state, or social work. I also believe it is fair for these workers to pay an adjusted tax on their income. This is an effort to balance out the differences. Now, we have to remember that many of today's high prices are the result of the excess currency in circulation. In the same measure that the excess circulation diminishes, the prices will logically drop because the excess circulation affects every transaction in Cuba.

[Rodriguez] Also, in the same measure that the presence of products increases, a competitiveness will take place and self-employed workers who today make perhaps tens of thousands of pesos in a year, will not make such excessive amounts.

[Sexto] Of course, because all these exorbitant incomes correspond to economic conditions supporting them. However, this is temporary. In the measure to wh ich we overcome this situation, these prices will find their corresponding balance.

[Rodriguez] In addition to this, in the measure that the offering of products and services improves in the state stores and facilities, this will increase competition and lower the prices and participation of self-employed workers in production.

Finance Minister Addresses ANPP Session

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[Speech by Finance Minister Jose Luis Rodriguez to the National Assembly of the People's Government at the Havana Convention Center on 1 May—recorded]

[Text] Commander in Chief Fidel Castro; Comrade Ricardo Alarcon, president of the National Assembly of the People's Government [ANPP]; comrade deputies; and guests.

When we began the discussions of the problems related to the internal financial imbalance in our country during the last ANPP session in December 1993, we all knew that we were facing one of the most serious economic, political, and social problems the Revolution has ever faced throughout its history. However, our people have grown accustomed to these hardships and have demonstrated, since our fights for liberty, that there are no obstacles or difficulties that cannot be overcome if one acts with resolution, patriotism, and loyalty to principles.

Today we have come to this special ANPP session, in recognition of 1 May, supported by a massive discussion—an example of the people's participation in decision-making, which allows us to count on the collective thinking of the grassroots and on their understanding of the solutions to these red hot problems.

Before beginning the debates, allow me to submit some principles, which in our opinion, must precede solutions to the internal financial imbalances. To do this, we will submit the ideas prepared by the Ministry of Finance, and the opinions on which we must meditate and work. These opinions stem from the workers' parliaments and from the opinions gathered from the Cuban Communist Party [PCC] cadres and partisans; and in general, from the opinions [words indistinct] by all our people.

First of all, we must stress the fact that the best technical solutions will be feasible only if we can also count on the patriotism and honor of our fellow citizens and on their willingness to do whatever might be necessary to save the Revolution.

These solutions also claim that the principles of social justice and solidairty must prevail. In our country, no one will be neglected. No honest worker will see his essential interests overlooked or sacrificed, and no neoliberal adjustment policy will be implemented in Cuba.

Moreover, we must realistically assume that the measures we might adopt will demand an undeniable share of sacrifice, which we must face with the wisdom of he who is the defender of the essential things that guarantee our economic stability and the Revolution's survival.

The current financial imbalance in the Cuban economy synthesizes an imbalance that for years has been growing in the areas of production and distribution. It is appropriate to recall that this phenomenon is found both in the monetary area, through excess currency; and in the fiscal area, through the deficit in the state budget.

The solution to this imbalance is found—as repeated several times—essentially and ultimately—in an increase in supply of goods and services, stemming from an increase in production.

However, due to the impossibility of achieving this growth to the extent demanded in a short term, we must reduce the demand; we must quickly revalue the national currency to motivate work; and finally, we must achieve an increase in production and services.

The initial basis of a fiscal streamlining policy has already been adopted, with substantial reductions to the 1994 budget deficit, to which I will refer later.

We must also take into account the fact that monetary circulation in the country at this moment includes both national currency and freely-convertible currency. Both must be considered when analyzing these problems.

In terms of national currency, by the end of March 1994, the excess currency amounted to 11.636 billion pesos. Of this total, 59 percent was deposited in savings accounts with the People's Savings Bank, and 41 percent was circulating among the population. Over the first two or three months of the year, this amount of currency in the hands of the people has been increasing, and if the necessary measures are not adopted to curtail this trend, we will reach a much higher figure by the end of the year.

The primary income source of our population shows that, according to the latest available estimates, 44 percent of workers earned basic salaries of up to 148 pesos monthly, while 32 percent earned between 149 and 198 pesos. Moreover, pensions were set between 60 and 99 pesos for 62 percent of all pensioners. In general, also according to the latest available data, families considered low income represented approximately 24 percent of the total number of families throughout the country.

This situation calls for income distribution with certain modification levels. Considering the existence of a previous redistribution process and the existence of a certain amount of freely-convertible currency which, since the decriminalization of the dollar last year, has been having an impact on, but not essentially changing, many of these realities.

Considering the adoption of measures to streamline the country's monetary-fiscal system in accordance with the analysis we have made at the Finance Ministry, and which we are submitting for consideration by the ANPP today, we believe that the monetary-fiscal process must also be closely related to the reestablishment of other policies, which are being adjusted in the country in the labor and salary areas.

In the entrepreneurial area, for the sake of achieving the greatest economic efficiency and production growth possible, we have followed the recommendations of the workers' parliaments where these problems were discussed.

Moreover, the streamlining of the monetary-fiscal system demands the adoption of a set of consistent measures, the overall effect of which must be clearly established. Thus, the order, the discipline, and the pace of implementation of the agreed-upon measures will yield gradual effects, which will be perceptible within a period of at least 18 months.

The measures adopted therefore demand a great deal of political authenticity and feeling so as to achieve the greatest support possible from all of our population at this moment.

Let us now talk about the measures we have been analyzing throughout this discussion process. First of all, the measures adopted to reduce the budget deficit represent an essential element in assessing the country's financial situation. We can therefore state that for the 1994 budget, our government has decided to reduce that fiscal deficit by approximately 1 billion pesos during the current year. According to the estimates that have not yet been concluded, this represents a 24-percent reduction of that deficit. As we also reported during the session held in December, the reduction of subsidies for losses also plays an important role because in the 1994 budget, losses amounted to 1.3 billion pesos. For this reason, we are seeking efficiency and productivity efforts by our entrepreneurial institutions.

Also, among the overall financial problems, and in light of the discussions of these issues in December, the amount of accounts receivable and payable in the country were mentioned. At that moment we provided the data for a representative sample of companies and institutions, which were samples of others up to the end of the sessions on 30 September.

We were later able to complete the data from the information provided by each central state administration organization and by the local ANPP organizations, reaching the end of last year with accounts receivable totaling 3,898,800,000 pesos, 97 percent of which belong to the entrepreneurial sector.

These accounts were divided in the following manner: 41 percent were due in 30 days, a payment period which can be considered normal; 28 percent fell due between 31 and 90 days; while 31 percent fell due after more than 90 days. As a general rule, the accounts to be paid in more than 30 days represented only 12.4 percent of the overall value of sales during the year to date.

An analysis made by the majority, not to say all the state companies and the local ANPP organizations, has led to a reduction of these bills during the first quarter of the year by 11.3 percent, which represents the collection of 440 million pesos which were pending as of 31 December last year.

Moreover, accounts receivable in freely-convertible currency [words indistinct] have reached a surplus of approximately 209,800,000 pesos. However, of this total, 47.5 percent is the result of operations in currency among national institutions, and only 52.5 percent was the net total to be paid by companies abroad.

Moreover, from this total, which can represent a net flow of the country's income, 73.9 percent were in a normal payable situation, and only 26.1 were in an unpayable situation. Thus, after these analyses we can say that it has been confirmed that there is no negligence in charging the debts in freely convertible currency and that the pending debts are part of normal situations in the country's income.

Lastly, taking into account the situation of accounts receivable and accounts payable, the problems analyzed for each organization, and with the purpose of preventing current problems and situations in the detected cases from being repeated, a set of measures has been adopted to guarantee an improvement of the situation and to see that such an accumulation of accounts receivable is not repeated in the future. These measures are already in the process of being implemented.

Concerning measures to encourage savings, a few minutes ago we said that approximately 59 percent of the excess currency in the country is deposited in savings accounts. Thus, it is essential to consider the measures to be adopted to see that that money remains in the banks. We have considered several alternatives, taking into account our current economic situation and being careful not to imitate formulas that in other cases would yield some results, but which in our particular situation, might not be the most suitable.

Thus, we have thought that a set of options could be considered, options which are not always or necessarily related to the increase in interest rates, because with the excess currency in the country, it is not always the case that an increase in interest rates would necessarily increase the motivation for savings. We must look for other alternatives. These other alternatives contemplate the possibility of relating savings accounts to specific ends, as some have mentioned here and in the workers' parliaments themselves, which might imply a freezing of funds for a given time with guarantees given by the bank for the saver, so that these funds can be converted into some type of special savings bonds. In due time we might also consider the possibility of having fixed-term savings accounts in foreign currency.

These measures, in addition to others that might be considered, can be a guarantee for freezing most savings accounts deposited in banks. These savings must increase, because it is good for the country to have increased savings. The measures we might adopt must preserve the mechanisms that will encourage savings and

the people's savings bank, and we must also see that this amount of money is out of circulation as long as possible.

We have also considered the possibility brought up in the workers' parliaments of issuing public-debt bonds. This we can consider within the possibilities which have not been used in our country for many years but which represent a method employed by the state, and a method employed by other countries worldwide, to request a long-term loan from our people, a loan often payable in more than 10 years, perhaps in 15 or 20 years. This loan would help recover with different interest alternatives, or without interest, those bonds. We also considered the possibility of implementing other variables which would appeal to collective subscriptions to these bonds, to a movement of patriotic support for this type of debt emission which, I repeat, could also yield some results which would contribute to long-term freezing of those resources.

We must adopt measures that will promote better control of the circulation of freely-convertible currency in the country. This is a new phenomenon which we began implementing last year, and with which we do not have full experience concerning the implications and measures we must definitely adopt to achieve better control. But undoubtedly some of the ideas brought up in the workers' parliaments and other forums, and the ideas brought up by the people themselves, are being considered. An example of this could be, for instance, changing the currency for one that could play that role, a currency that could be called a convertible peso [peso convertible] or foreign exchange peso [peso-divisa] in the country. This is one of the possibilities and it offers a number of benefits because it places that monetary circulation under the direct control and sovereignty of the Cuban state. This is one of the options we must consider.

There are other measures intended to strengthen the state's policy to attract the freely-convertible currency through the dollar-collecting stores. It is worth repeating that the established policy seeks to obtain through high prices the highest profit levels possible from those currency holders in order to redistribute them equally among other needs the country has. We must work toward that purpose and we must also gain the understanding of the spirit of this policy because those high prices must lead us to understand the reason for implementing them.

There are other measures which imply the need to strengthen the circulation of the peso, and which in some way contribute toward compensating for the imbalance created when a freely-convertible currency is implemented in the country. Thus, the gradual increase in supply of national goods and services obtainable in pesos by selected sectors through the stores which exist, for example, in our Basic Cooperative Production Units [UBPC], the stores created for specific sectors, makes it possible, that with the pesos charged by the workers to those sectors, a related market is created to give an answer to the Cuban peso with a supply which is more or less limited at this moment but which can be expanded. This is a measure that will contribute toward gradually balancing the purchasing power of the peso.

Together with this, we must also implement, or study the implementation of measures that will provide incentives to the workers to increase the supply of goods and services available in the national currency in accordance with the country's needs.

Some decisions have been made recently, such as in the case of the workers involved in the generation of electricity, to implement a program of this nature.

To the extent possible, this could imply that, when we have more production, we can increase the free sale of certain products at prices which are in line with the current situation we have to face due to the financial imbalance prevailing in the country. The possibility of analyses or inventories which are still outdated, or some reservations in this distribution channel, have not been ruled out.

Among the services that could be supplied we can mention, for instance, the sale of personal, property, and civil responsibility insurance which has not been implemented in the country to this date. This is a type of mechanism we must consider and we must assess as a supplementary mechanism which helps protect the people from risk, without directly undermining the state's budget.

There are other types of measures, such as the advanced payment, with a certain level of discount, of the people's debt to the People's Savings Bank, debts stemming from personal credits or from credits granted for housing. We have made an analysis, for instance, that a reasonable discount rate for immediate or short-term payments could be granted, according to different combinations, and that this could yield between 350 and 500 million pesos. This idea, if implemented, will surely increase the country's potential.

We must also consider measures for a selective increase in prices and rates. Comrade Ross has submitted several proposals collected from different opinions conveyed in the workers' parliaments, and we have been analyzing a set of those opinions which because of their economic importance, or because of the consensus level, are obviously measures that must be taken into consideration.

Thus, we have discussed the possible implications of the elimination of product subsidies, replacing them with subsidies to low-income people. This is a measure within our capability and which, if implemented, in a short term could yield some 200 million pesos yearly.

The increase in prices of nonessential products: many things have been said about different combinations, but undoubtedly there is a major level of consensus concerning the adoption of a set of measures among which we can mention the possibility of increasing cigarette prices.

On discussing these matters on different occasions we have talked about this measure and that it implies some organizational rules. This implies a certain level of control of inventories in order to face a demand which has not been satisfactory for a relatively lengthy period of several months—since last year—and how to reach an organization of this measure so that this increase in prices will not become an additional channel leading to the underground economy and to the black market.

In our analysis we have realized that prices can be increased without necessarily eliminating the different distribution categories that now exist. That is, it seems advisable to consider the possibility of maintaining the distribution categories and to increase prices which, among other alternatives, could be established in this manner: for instance, we are considering the idea of increasing the price of a cigarette pack to two pesos in a regular distribution category, and to six pesos in the extra-quota category, and to 10 pesos in the unregulated category.

This, comrades, would probably yield an additional income, maintaining an organized distribution and a minimum inventory, of 1.954 million additional pesos yearly, if all those cigarettes are sold. That is, with or without these prices, these measures can yield an amount that is not inconsequential. But undoubtedly this is one of the most important measures concerning price increases, and cigarettes are not an essential article vital for the existence of man.

Prices of alcoholic beverages have also been considered, taking into account the same characteristics we mentioned previously in the case of cigarettes, and the production costs that must be considered before putting anything into effect. And considering the different categories, of rum and other alcoholic beverages, starting from prices in those three scales, for instance of 30 and 40... [changes thought] excuse me, from 40, 30, and 20 [not further specified] for 750 ml bottles. In this scale, this increase in prices would provide an additional income of 328 million pesos yearly. This is another important element we must take into consideration within our analysis.

We have also analyzed the possibility—and all these figures stem from an analysis of the production behavior this year— of implementing this measure, not from the point of view of potential production, but of production that can be achieved. In the case of beer, for instance, and we cannot guarantee that it will be achieved, but if the minimum production of beer can be achieved every year, only by doubling the average price of the bottle of beer in the different categories, from retail to wholesale distribution, this could yield $135 million pesos yearly. This is a very small amount, I repeat, but still it yields some resources that cannot be rejected.

We also discussed a vehicular fuel price increase as one of the possible measures to be adopted, and according to different combinations of the premium gasoline, the regular gasoline, and diesel, taking into account what appears to be this year's true distribution—which is less than last year, as you well know—it could also yield, according to different combinations which in some cases would demand doubling or tripling the price per liter, some $80 million more, notwithstanding the reduced deliveries we are facing.

Concerning utility rates, and Comrade Ross already mentioned this, one of the services which has obtained the highest level of understanding has been the increase in electricity rates in residential areas. Recently, in a television program, our comrade [Basic Industry Minister] Marcos Portal explained that increasing the electricity rates at this moment is practically indispensable, not only to increase the country's income but to foster savings in electricity consumption.

In the analysis we have jointly made with our comrades from the Basic Industry Ministry in an effort to protect the low-level consumers, that is, those who consume up to 100 kilowatts monthly, we have decided to maintain one of the variables: not to change the price of nine centavos per kilowatt, but increasing it in the other two levels: that is, from 100 to 300 kilowatts, and those above 300 kilowatts of consumption. These consumers will be charged higher rates, at least 20 centavos per kilowatt, and 40 centavos per kilowatt. This, in addition to exerting better control and a motivation to reduce consumption, could yield approximately 112 million pesos more yearly.

We have also considered the possibility of increasing nonurban transport tariffs, taking into account different alternatives and different proposals submitted by our comrades from the Transport Ministry, considering the increase in costs: fuel, et cetera. This, not to fall into excessive details, and if implemented in a short term, could also provide an additional income of approximately 100 million pesos.

Telephone rates were also mentioned in relation to the improvement of services. In this case we have been considering some alternatives to increase the telephone rates, not too much, but sufficiently only to cover costs and to reduce losses. This would yield the small amount of approximately 11 million [pesos].

Other types of services to the people were also considered, namely the price of the workers' cafeterias. After thoroughly analyzing the proposals submitted by the workers' parliaments, we thought that this must be a decentralized decision. That is, a central organization cannot say that prices will be increased. However, if we manage to achieve—and this is the calculation we have made—that if the workers' cafeterias manage to cover their costs, or whatever the mechanism, in whatever period, and with the discussions in each workplace, the country would save and also collect an additional 100 million pesos yearly. This is the cost the government has to pay in terms of subsidies for charging prices lower

than the costs. In some cafeterias this is not the situation, but in most of them food is sold at current prices.

We have also studied other services for the population, including something we have seen recently, something proposed by the Communications Ministry and which has been very little mentioned in our discussions: the postal services.

The country has for many years maintained the same rates, rates which have been unmovable for many years, but the country has to cover a loss of approximately 15 million every year in order to maintain those services without counting the expenditures in hard currency, because the international mail also affects us.

However, following a proposal we are studying with our comrades from the Communications Ministry,—and this is a reasonable proposal—we have realized that our rates are below the rate which is charged abroad throughout the world, and even though we are charging a lower rate, we will probably collect some 30 million additional pesos with a little increase in postal rates.

I am mentioning this case becase the service is so broad and today we could not discuss in detail all the points assessed, but we have found this proposal very interesting.

We have also considered the possibility of charging for those services that used to be free. It has been explained since the previous ANPP session how these measures can have a double objective. They can be adopted to increase income, and they can also be of educational nature. We have made a thorough evaluation of the range of services which are free of charge and which could be considered in this case.

We have also discussed matters with which we could agree, and matters with which we could not agree, at least in our opinion, but our intention has always been to evaluate almost everything proposed and which can be evaluated, because there are some matters that are impossible to evaluate.

However, we have considered some of these measures perhaps because of their economic importance or perhaps because they are feasible, namely those which could yield something additional. For instance, in the educational area we have taken into consideration those points which have been consistently mentioned in the workers' parliaments, such as charging for lunch served in boarding schools, at least a minimum rate, which in this case has been set at 35 centavos. This, according to the number of fees and the days of the week when the students eat in the schools, could yield approximately 29 million pesos yearly.

As you see, this is not a very high figure, but this is one of the areas in the area of education which it was believed could yield the largest amount of pesos, and it is one of the points we can consider.

We have also discussed the reduction of allowances granted to university students, although 20 percent of the population, which is the percentage of the population with the lowest income, would not be included in this reduction. That is, this measure would be implemented among those people not considered of lower income. Concerning the reduction of allowances granted to university students, excluding the foreign grantees who would not be affected, obviously, would yield some 17 million [pesos] should this decision be adopted.

School supplies distributed among students have also been the object of discussions in the workers parliaments. For the level of school supplies distributed at this moment we could obtain approximately 4.7 million pesos yearly by charging very low prices which would be accessible to the people.

Many proposals were submitted in the health area, and after analyzing them, we thought that not all of them were in line with the policy outlined by our revolution, concerning public health. But there was one which circulated with some force and some argument, concerning the free distribution of neovitamins. And how much could be collected if the people were asked for only the cost of that medicine? Well, this and other medicines which could be added would yield 103 million pesos yearly.

There are other proposals which we did not consider appropriate, such as charging something for ambulance services or other services which, although they do have a cost, we believe that, from our point of view, cannot be considered.

We also considered the possibility of charging fees for cultural and sports activities. One of the proposals which have received major support, according to the reports by the workers parliaments, is charging for a ticket for sports events. However, if we consider charging a reasonable entrance fee, it would yield approximately 4.5 million pesos yearly, but there are many who oppose this idea.

There are also measures related to culture. Charging entrance fees for artistic shows would yield some 4.8 million pesos, but excluding again the lowest income people, who make up some 20 percent of the population. Thus, the reduction of subsidies, which is currently paid to some institutions, centers, and provincial councils for culture, could also yield some 11 million pesos.

The other element also discussed in the previous assembly, referring to classes in preparation for sports events, was activities that can be organized during vacation periods to offer a recreational activity that might contemplate the practice of some sports, thus charging a modest fee during the school recess periods, during the school vacation periods. This would also yield some 15 million pesos yearly.

This means that in the field of free services there is a broad range of subjects to be discussed. We could spend

hours here talking about this matter. We have only mentioned those which we think have greater possibilities of being approved and which could yield some relatively large amount of resources. But as you will see, these cannot be compared to other categories of measures we have to evaluate.

Measures for a gradual implementation of a tax system on a sector of the population: this is one of the most controversial measures, as it was explained here. The workers have expressed a clear position in the workers parliaments against the imposition of a tax on wages. We must remember, however, comrades, that income tax in our country not only affects the salary earners. We also have a tax on self-employed workers. The state is expected to collect this year 126 million pesos from this tax. Yesterday, during a meeting with the presidents of the provincial and administrative councils, we considered the implementation of this measure and the system of payment, and especially the manner of increasing the minimum tax installment. By December only nine municipalities in the country were implementing this measure, but today we can report that 76 municipalities in 11 provinces have already increased those installments. In some cases, as in Holguin Province, these installments have gone up to 1,000 pesos monthly for certain types of employment. There are other tax installments amounting to 600 pesos and to 200 pesos. By the closing of the March report, Holguin was the only province that could talk about a per capita income resulting from the increased tax installments which are already being paid, and for this reason its income is higher. Holguin thus has one of the highest tax rates in the country.

This would be a type of tax which we must preserve and which we must increase as a regulating and an income element. These two elements must be maintained until we can get to the progressive tax on income. We are already preparing a proposal to be submitted to the government so that when the conditions are appropriate, it can be implemented.

I must also inform you that other rates and tariffs are being implemented, and not only the tax to be paid for the right to be self-employed, but we are also charging a tax for the right to use space and means. The marketing right is also being taxed in 77 municipalities throughout the country, which means that the self- employed worker carries out his activity outside the province where he was originally registered. These taxes are already in effect.

This means that we are beginning to implement a policy of tax on these workers' income. Today there are more than 153,000 self- employed workers in the country, and it is appropriate to impose a tax policy on their income. And as you can see, this tax is not paid only on salaries but also on income.

We have been studying the possibility of reviewing the tax on the income of peasants and cooperative members. We must study and evaluate this because the CPA [Agricultural-Livestock Cooperative] is paying 5 percent over its net income while the peasants pay another 5 percent individually. However, we must still consolidate these taxes in accordance with the tax that the Basic Cooperative Production Units [UBPC] must pay. We are still studying these taxes.

We have also considered the possibility of charging a tax on foreign currency income. There are some people in the country who earn an income in foreign currency, not through salaries but through other payments. I want to explain that we are not thinking in this case of remittances, but of those people who, after being authorized, receive these payments for exercising certain activities compensated in hard currency, or which receive a bonus or an extra payment in foreign currency. This is another option we will probably analyze.

There is another thing brought up in the assemblies, such as the tax on properties which we have analyzed, that is, the tax on home ownership. Today most homes are owned, and this can also be considered in due time, concerning what kind of tax can be charged on home ownerships, and not only on homes but also on empty lots, and on a number of properties existing in the country, such as real estate.

The workers' possible contribution toward social security has also been analyzed. This possibility has been discussed taking into account the deficit existing between the contributions to social security and what the country spends on social security, a deficit which amounts to some 500 million [pesos]. We have been studying several options, different categories, and the different times when this could be implemented. This is one more of the measures we have in our arsenal to be considered.

And there are other types of taxes we must not forget, such as the tax on ground transportation, and according to results of the analysis, this could yield approximately 10 million pesos annually. Allow me to tell you also that this year there was better discipline concerning the payment of the tax on ground transporation. The people seem to have acquired some tax knowledge to such a point that we ran out of tax forms [laughs].

There is a reaction to the payment of this tax. And we also have the tax on documents and the seal on stamps, and these together will yield 23 million pesos.

And we also have other types of taxes the state would like to implement. One of them could be the tax on aqueduct service, better known as the water bill. As you know, the country today has only one way of collecting these bills, and this is done through water meters, although this service is not extended throughout the country and we cannot think about this possibility today. We could consider a fixed rate for aqueduct service, and if only one peso were charged per person monthly, it would yield some 90 million pesos yearly, and thus we would be covering an important service which at this moment is receiving a minimal income by way of the water meters.

Fines for personal delinquency also increased this year. Violations of Decree 186 on special delinquency of self-employed workers have increased in several provinces. This income could amount to some 17 million pesos this year. Last year the fines dropped by a little more than 4 percent. During the first quarter ending this month fines increased a little more than 9 percent. This means that there is still much to be done in this area, but we are working on it.

We have also considered the possbility of changing our money. We must put this measure within the arsenal of possibilities. As Comrade Ross said, there are many ways of doing it, there are many variables, and I can tell you that the variables that prove to be suitable might be implemented. This is not a problem we cannot solve, but we do have the obligation to take up this measure as a possibility.

So, comrades, we have tried to analyze all these problems with the sole objective of providing to our government and to you in this parliament, some facts which, once the causes of these problems and the possible solutions are known, will help us work toward the achievement of those solutions. But we do have to adopt the measures that will definitely guarantee an effective solution to the excess currency in the country. To achieve this we must understand that we must willing to do anything possible because this is the essential obstacle we are internally facing today in making our economy successful.

These measures would not be complete if we did not also demand, considering the sacrifice our workers are making, the repression of those who have accrued wealth illegally either through theft or speculation, taking unscrupulous advantage of the scarcity our people face to achieve their personal wealth. These deeds cannot and must not remain unpunished.

The process which will be implemented through the agreements adopted by this National Assembly will play a role which will be decisive in itself in accordance with the order and discipline which we might impose, without hastiness but with a sense of responsibility we must all share. The measures to be adopted by the government to implement these measures will also be decisive, keeping in mind that this will be a gradual process that will demand indispensable adjustments or changes to the extent that we keep advancing.

Starting from these discussions, we are certain that the vital interests of the people will be respected. We feel optimistic therefore, and in good spirits. We know that if we have resisted thus far, we will will not lack strength and intelligence to keep taking steps forward.

We believe that our people will have the great privilege to celebrate this 1 May as protagonists aware of their own solutions to the serious problems we are facing, certain of the victory with Fidel as leader as it has always been and as it will always be, because all Cubans will fight with him for this goal. Thank you very much. [applause]

Alarcon Address to ANPP Session

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[Address by Ricardo Alarcon de Quesada, president of the National Assembly of the People's Government, ANPP, to the special session of the ANPP, at the Havana Convention Center, on 2 May—recorded]

[Text] I believe that not only the discussion of this special session, but the entire national debate preceding it, have clearly confirmed the will of our people to persevere in their chosen path, to continue resisting and fighting to save our socialist revolution. I also believe that we have to be fully convinced that the only way out of the special period is the revolutionary, socialist, steadfast path we are undertaking. This way out, of course, demands effort, work, and sacrifice. However, that effort, work, and sacrifice are worthy. Comrade Estruch [Deputy Luis Estruch Lacano] pointed out several important things which serve to compare Cuba's situation at the time of the triumph of the Revolution with the immense transformation that has taken place, particularly, in comparison with the reality of today's difficult moment.

I believe that our people have confirmed their commitment to the ideals of socialism and their rejection of certain dogmatic ideas being forced upon today's world, and in Cuba's case, from abroad. Capitalism will not be Cuba's future because capitalism was its painful and sad past. Our people will never return to the past.

Listening to Estruch, I remembered certain elements which I believe our people remember and understand. Our people are a cultured, intelligent people, a well-educated people as result of all that effort alluded to by Estruch and other comrades. Since I agree with Estruch that part of this great battle for the national economy—to correct our finances and stimulate the economy—is also a political battle, it seems right to refresh our memory with some information which clearly illustrates the reality of that capitalist past, and also illustrates—and we can not forget this because the special period irritates us, pains us, and causes daily difficulties for everyone—that a special period, a difficult and anguished living, a true hell, was the life the immense majority of our men and women knew for most of Cuba's history until 1959.

I have here certain points of reference, not produced by us, by the revolutionary movement, but by unsuspected sources. This document, this book, was not published by the Revolution but by the Batista regime. It is the Population, Housing, and Electoral Census of the Republic of Cuba of January 1953.

This other book was not published by Cuban revolutionaries either. It is an official document of the U.S. Government from that period aimed at U.S. investors and includes a study of the Cuban economy conducted

three years after the Batista census, and has among other things certain criticisms of results of the census.

In the study conducted by Batista's authorities, we see certain data which portray Cuba, as a country difficult to imagine for today's Cubans. The census partially covered the issue of housing. There were, nationwide, 1,250,594 houses ranging from the most luxurious mansions to the most modest shacks of the most humble of our peasants. I will give some of the data included in this report. Regarding construction, the authorities classified it in a list beginning with masonry, cement slab roof, and floors of a higher quality than plain cement construction. The list continued down to a humble thatch hut or something similar and earth floors.

In the Republic of Cuba, according to the 1953 census, 27.8 percent of the houses were masonry and cement construction and 32.2 percent were thatch and earth floors. Of course, in rural areas, there were more than double the amount in this lower category. However, in the urban areas, in our large cities, 10.2 percent of the houses, according to the 1953 census, had earth floors and had no other material for roofs and walls than thatch.

The aqueduct reached only 35.2 percent of the houses and a little more than half the urban houses. Sanitary service was available to only 28 percent of the houses, including 32.8 percent of urban houses.

The same happens here. They do a classification ranging from houses with indoor sanitary service to private latrines, and communal latrines, and ending with the no sanitary service category. Some 23.2 percent of the homes fell in this category. Some 45.6 percent of all the homes in Cuba lacked baths or shower facilities. Barely 48 percent of the homes had electricity. However, 75.2 percent of the homes nationwide lacked refrigerators, iceboxes, or any equipment to conserve food, including 62.5 percent of the urban homes.

The U.S. Commerce Department study confirms that the situation remained unchanged three years later. This is regarding housing. Regarding education, the 1953 census reveals that 23.6 percent of the population was illiterate.

With good reason, the U.S. Commerce Department study criticizes the accuracy of the Batista census regarding this aspect. First of all, it points out that the people who did the census simply asked the people if they knew how to read and write. Some 23.6 percent responded no. However, the American researchers pointed out that more revealing data is found in the census. Such as that illiteracy was much higher among 10- to 14-year-olds, which was 31.8 percent; that 31 percent of the entire Cuban population had not had any formal education; and that only 11 percent had gone beyond primary school education. The Americans' conclusion was that true illiteracy was much higher than that reflected in the official Cuban census and that the republic was regressing given the extremely low school attendance level. For example, of 2,459,730 youths, individuals between 5 and 24 years of age, 1,619,535—about half—did not receive any type of education in Cuba in 1953. From this we have to deduce that in any event, illiteracy would continue to increase if we interpret correctly the information provided by the Batista government.

In 1956, the Americans pointed out other important characteristics, we can even call them manipulations, of the 1953 census. First of all, it was conducted in the month of January, in the midst of the sugarcane harvest, at the moment of the highest economic activity and thus the information on the workers, the poor would be higher than at any other time of the year. In addition, in the U.S. study—Investment in Cuba, Basic Information for U.S. Businessmen, Commerce Department, Washington, 1956—the Americans point out that in that period, the first half of the decade of the 1950's, certain Cuban economic indicators had had their best performance in comparison with the republican period preceding it, and that the year with the highest per capita income, at the time, was 1952—the year before the census.

Those who extol the advantages of capitalism, and try to portray that system as every man's alternative, better not harbor any dreams because this American document explains that in 1952 Cuba attained a third of the per capita income of the states in the southeastern United States. There is something even more revealing, Cuba's best year in terms of per capita income, the apex of our capitalist development according to them, was equivalent to half the per capita income of Mississippi in its worst year.

In other words, according to them, when Cuba attained its highest point, it had reached half the level of the worst year of the poorest and most backward state in the United States, Mississippi.

What does this top year of capitalism reveal to us? Batista's census did not concern itself much—and this was also pointed out by the Commerce Department study—with unemployment and workers conditions. However, they missed certain indicators. They, for example, found out the number of weeks worked by the people covered by the census in 1952—the famous apex year of capitalist development according to the Yankees. Some 36.8 percent of the Cuban labor force had worked every week in 1952, and the great majority of those who had worked or looked for jobs in that year of capitalist glory, 48.7 percent of the workers, had not worked even 10 weeks.

We would have to ask if it was a pure coincidence of history that at the time when the reality of our country was described in this manner—poverty-stricken, lugubrious, painful—by the Batista era census, Fidel Castro and a group of youths were preparing to assault the Moncada Barracks and rekindle the revolutionary movement of our people. Was it possible to continue in that

lamentable, painful state of the better period, of the top development of capitalism in Cuba, when that was the best it did for our people?

Could anyone be surprised if in 1956, when the Commerce Department issued this study, Fidel Castro and his comrades were preparing to land in our fatherland and restart the postponed but never interrupted war of our people to put an end to that hell capitalism brought for the majority of our people? Can anyone think that this people could prefer that type of society which reserved for the majority ignorance, lack of education, poverty, and misery?

The 1956 study also covers other aspects of the economy which the Batista census had overlooked. In its analysis of our countryside, it reveals that less than eight percent of the farms occupied three fourths of the arable land in Cuba, and that less than half of one percent of those farms controlled a third of the arable lands. That is the phenomena of the latifundia.

This explains other data, other realities, which other entirely reliable reports also revealed at that time. I refer to a third document. This study by the Catholic University Association of Havana, which was not in any way a radical group, was conducted in 1957, a year after the U.S. Commerce Department study. They discovered, regarding the farmers' nutrition, that the percentage that eat meat was four percent; fish, less than one percent; eggs, 2.12 percent; milk, 11.22 percent; bread, 3.36 percent; cornmeal, 7 percent; vegetables, zero percent. The Catholic group also researched the health conditions of our farmers and found higher percentages than those I just mentioned regarding food. Tuberculosis, 14 percent; typhus, 13 percent; intestinal parasitism, 36 percent; and malaria, 31 percent, among the people polled.

The highest percentage included in this document results from asking the peasants what they desire the most, what is most important for them, what they need the most. Some 73.46 percent responded with one word: Work.

Can anyone be surprised that our people were at this time, as the Catholic researchers were conducting this study, persevering in the struggle in the mountains and savannas to jostle free from that regime. Is that society really an alternative for anyone? Was it or was it not a special period without escape, hope, justice, or equality endured by those peasants demanding work, peasants pained by tuberculosis or malnutrition. Was this not a true hell into which the immense majority of our population was born, lived, and endured until death? Our people not only remember but also, because they are a knowledgeable, informed people, they know that millions upon millions of people in this world also endure special periods without equality, justice, escape, or hope. True hells are being experienced by the peoples in many parts of the world.

This U.S. magazine published by THE MIAMI HERALD features on the front page an issue of growing concern in the United States: what they call the homeless. People who as a result of capitalist measures have found it impossible to continue paying rent and have ended up on the streets, the only place available. This young woman on the front page with her two small daughters is not worried about her salary, taxes, or even the cost of food or salaries. The sign states that she will work for food. She offers her labor for food for herself and her two daughters. Poor woman, she is not thinking about how to pay for school uniforms for her daughters or their school breakfast or lunch. There is no school for those girls, nor is there a job for this woman. She is simply bartering her labor for food—that is on the front page.

The inside, features a man whose sign reads: I am 74 years old and destitute. I am a homeless person but not a bum. I have worked since I was 14 years old. This is typical in capitalism where a man, after working for 63 years, has no other alternative but to stand on a city corner and beg.

There is something else that is very interesting. The text explains that in 1990, according to the U.S. Census Office, there where 228,621 homeless people. Certain liberal U.S. organizations, of course, say that this figure does not reflect the reality and that there were many more. However, I prefer to focus on another aspect of this issue. There were over 228,000 homeless in 1990. In 1993, the same source, the U.S. Census Office, estimates there were 2 million homeless. In other words, between 1990 and 1993, according to their official data, the number of homeless—people such as this old man, this young woman, these girls—has increased tenfold. This coincides with these difficult years we Cubans call the special period. I ask myself: Is there a special period in the United States? Is anyone imposing a financial, economic, and commercial blockade on that country? Have the U.S. main trading partners disappeared? Have their markets collapsed? Has any madman, any Torricelli in this world, come up with a law to prohibit and obstruct trade with the United States? What explains that instead of improving, there has been a tenfold increase in those people experiencing the living conditions of a special period in the United States?

I also have here THE MIAMI HERALD edition of 20 March, right at the time we were in the workers assemblies discussing, analyzing collectively, and seeking means and ways to confront our difficulties. I want to give you the example of financial measures implemented capitalist style.

One day, a real estate company or some landlord of an apartment building in the United States decided there had to be a rent increase to improve the margin of profit and make the corporation more efficient. Was a workers assembly summoned? Were the tenants asked how much they ought to or could afford to pay?

This article describes how the measure was taken. It was simply this. [Knocks three times on the table] One

night—states one of the two boys interviewed—there was a knock on the door and someone told mom that the apartment rent was—it most be an extremely modest place because it has been a long time since you could find anything but a small room for this amount I am going to say—$295 a month. This was the rent this humble working woman was paying. Someone implemented that measure [three knocks] and told her: From now on the rent is $325 and that is that.

She had no other choice, stated her son: Mom sat both of us down and told us that we were going to sleep on the streets because the rent had gone up.

Measures such as this one, by the thousands, are adopted by capitalism everyday, and these are the consequences, this picture. The boys showed the reporter their home. As you can see it is the underside of a bridge in Miami where they spent last winter.

The text of the article cites another interesting fact. Not about the homeless in general, but about homeless children in Florida in particular. The number of homeless children in the state, according to a study by a Florida university, was 50,000 in 1993. This is three times the number of children in Florida living on the streets. [as heard] Are these children or are they not living in a totally unfair special period because it is not the result of any external factor upon that society but the intrinsic characteristics of that society which result in some living in opulence and dissipation while many others are denied the most essential rights.

Comrades, we face the challenge of being able to continue to resist, struggle, and make whatever sacrifices necessary to preserve a society incomparably superior to the one being forced upon us by those trying to turn into a universally mandatory dogma that truly abominable life style and forms of human interaction that ought to have been abandoned in prehistory. We have no other alternative but to save this revolution, this socialist endeavor, to overcome the current difficult period with a revolutionary spirit, the socialist way because the alternative is that past reflected by the Batista era census, or the Yankee study, or the Catholic University Association. That past is the present of hundreds of millions of people in this world, such as these Americans I have referred to.

Finally, I have another publication from Florida. There is great interest abroad regarding what happens in Cuba, regarding the result of our efforts, our struggle to overcome the special period. There are people, those who benefited from the misery and poverty of the majority of Cubans, those who never underwent any special period yet imposed it on the majority of the people in the past, who harbor dreams and believe the time will come again when they can return, regain their privileges, and once more impose on the majority of the people that past which shall never return.

I have here a copy of the SOUTH FLORIDA magazine which contains several articles in this regard. The man on the left is a former landowner. In the article he describes his mansion, of course, it had sanitary hookups, showers, electricity, and everything else. The mansion was so luxurious that he now complains that his backyard is no longer private [word play on a nursery rhyme]. It is filled with children playing, playing sports because his large mansion is today a large school. On top of this, he complains that there are even black and mulatto children among them, colored people that were not even allowed on the streets of his neighborhoods during the era of the Batista census. He explains their plans so that upon their return, once the revolution is defeated according to their dreams, that school will be turned into a private mansion once again. The name of the article is: This land is my land.

The article on the left [as heard]—those with a good memory perhaps remember the Cuban Landowners Association which grouped the owners of the sugar mills. They have a group named the Cuban Landowners Association in Exile. In the article they explain their plan. They plan to retake their mills, to return the lands to the landowners, to once again place our peasants in the conditions which the Catholic Association mentioned, to make over 65 percent of the population hope for jobs.

We have to defend this project under the particularly difficult conditions this country faces because, without a shadow of a doubt, capitalism would mean a return to that past we knew. However, it would be amplified by the hate, ire, and fury which that minority would try to impose on our people, that minority which today dreams of returning and was responsible for making life for the majority of us nothing but a perpetual special period without hope or end.

Of course, in the workers assemblies, in every meeting held, and in this ANPP session the Cuban people are telling those people: You shall not pass. [applause]

Recently, our people commemorated the 125th anniversary of the Guaimaro Assembly, six months after the beginning of our first war of independence, six months after the beginning of the only Cuban revolution, the one begun by Cespedes and fulfilled by Fidel Castro, the patriots, the revolutionaries meet in that tiny town in Camaguey to find the indispensable patriotic consensus, to unite ideas and wills, to organize the struggle under the terrible and difficult circumstance faced by our people from the beginning. The Cuban patriots and revolutionaries met without relinquishing the machete, without relinquishing the struggle against Spanish colonialism, and as our people were also confronting—as foretold by Cespedes—the threat of the U.S. policy seeking to take Cuba over. Cespedes said that was the hidden agenda of their policy.

The Cuban people were capable of overcoming differences and putting, above all, the ideal of an independent and just fatherland, a fatherland rooted in human solidarity and equality.

Today, 125 years later, the Cuban people have recreated Guaimaro everywhere, have revived the spirit of our forefathers, and have been able to reason, discuss, and examine frankly our points of view to unite ideas and wills. We have not held academic debates, but fraternal discussions, and collective analysis in the midst of the struggle and on behalf of the struggle.

May Guaimaro's spirit live eternally among us. May we be capable of continuing, like Cespedes, Agramonte, and all the men of that generation, who sacrificed everything, that ideal of independence and justice. May we continue to develop our collective wisdom with the combat spirit of the men of Guaimaro, in the struggle and for the struggle.

I believe and am convinced that this is the required route for every patriot, and the route we will follow, and through it we will attain victory, despite everything, despite all the difficulties and sacrifices we might have to endure. Thank You very much. [applause]

Commentary on ANPP Recommendations

PA0505004494 Havana Radio Havana Cuba in Spanish 0000 GMT 4 May 94

[Commentary by Roberto Morejon; from the "Evening Information Review" newscast]

[Text] The fundamental working recommendations made by the Cuban Parliament to the Cuban Government will demand of the people significant sacrifices and a necessary belt-tightening once these become law. The recently concluded special session of the National Assembly of the People's Government [ANPP] outlined the policy to be followed by the executive branch in overcoming the serious budget deficit, which amounts to 4.2 billion pesos, and the excessive money supply, which is on the order of 11.6 billion pesos. Among the suggestions made by the Cuban deputies are: selective raising of tariffs on nonessential products, elimination of certain [word indistinct], establishment of a tax system, reduction of subsidies for certain products, granting of subsidies to low income earners, and reduction in state allocations for unprofitable businesses, a measure already being implemented.

Cuba has been able to face the consequences of previous stages of the current crisis because even though the U.S. economic blockade existed, its effects were attenuated by the advantageous relations with Europe's former socialist countries. For many years, Cubans enjoyed the benefits of a just and equal distribution of health care, medical attention, and social security. Also, there has been equal distribution and subsidy of rationed products offered at extremely low prices. Access to some public services has continued to be free. With the disappearance of the former socialist bloc, the entire weight of the U.S. economic blockade has been felt. If we add to this the fact that credit is nonexistent and that this is an underdeveloped nation, we must conclude that Cuba now finds itself in a very adverse position which does not permit resorting to yesterday's solutions.

The Parliament recommended to the government fundamental guidelines for adopting in coming weeks and months a series of realistic measures consonant with the current situation. Perhaps after a reasonable period, preliminary reports will show positive results. Cubans understand the need for adopting this strategy, although not all of them are capable of specifically adapting to the stringency of some of the measures—hence the importance of a process of popular discussions in the country that will seek consensus. Only at the end of the discussions, sponsored by the unions, did Parliament reach conclusions on recommendations to the government.

It was seen that premeditated solutions are difficult and do not have unanimous support. But solutions will never be proposed behind the people's back. Cubans with low incomes will not be neglected. At the same time, the 11 million inhabitants of the island will continue to enjoy the principal social achievements, such as education, health, and social security [words indistinct].

Reporters Discuss Freedom of Speech, Media

FL0505160094 Havana Radio Rebelde Network in Spanish 1600 GMT 3 May 94

[Interview with reporter Luis Sexto, from BOHEMIA magazine, by reporter Osvalso Rodriguez, from JUVENTUD REBELDE, on the "Straight Talk" program on 3 May]

[Excerpt] [passage omitted] [Rodriguez] This is Osvaldo Rodriguez from JUVENTUD REBELDE, and we are talking to Luis Sexto from BOHEMIA magazine. We are talking about freedom of speech in Cuba, today being international freedom of speech day.

Luis, I believe every time someone talks about freedom of speech, people think about the media, and we as a medium have the right to refer to that today, taking advantage of the fact that today the media belongs to us and the people. And I believe that we need to point out that the media in Cuba are in favor of the people and that the work we do is in favor of the people and national interests. I believe it is important to define it like this, in discussing this topic, because many times, people talk about freedom of the press and freedom of the press understood in traditional terms, where freedom of speech is to be able to use the media to oppose the decisions of the government.

Well, we would also have to look at up to what point they oppose government decisions and how many interests are combined for those decisions and that opposition. In Cuba, we have followed a policy, which I support and believe should be eternal as long as we have such a strong enemy like the United States, and it is that the media does not allow nor give any space for a criteria that goes against the popular majority and against the people, and against the government approved by the people.

[Sexto] The famous freedom of the press is one of the forms of freedom of speech. Sometimes freedom of speech is confused with the famous freedom of the press, and I believe that is not the way it should be. Freedom of the press, or the media, is one of the channels for the people to express themselves. Seconds ago, we referred to how, in Cuba, there are a series of mechanisms to facilitate and channel freedom of speech.

[Rodriguez] Do do consider yourself a free reporter?

[Sexto] I consider myself a free reporter to the point that I am not capable of writing or talking about something I am not convinced of. And I believe I have the right to tell the director of the magazine, when I am ordered to write a commentary on something I do not feel comfortable with, to get someone else to do it. That has been my norm as a professional during twenty years as a reporter.

[Rodriguez] That does not mean that there are some reporters who have written things they have not agreed with.

[Sexto] No, just like there are people who go to meetings and do not say everything they believe because they are cowards.

[Rodriguez] Just like there are people who have said something on the street and have been censured by someone...

[Sexto interrupting] by some citizen.

[Rodriguez] Yes, by a citizen, who has censured him and has even denied him his right to have a different point of view.

[Sexto] Yes, he has been reprimanded verbally, right? He has responded to a determined expression.

Now, getting back to the media, the same happens with freedom of speech. The media cannot be separated from society. Freedom of the press cannot be separated from the determined society, from the classical structure of a determined society. The media is an instrument of the majority. No one should think that the media is a fourth power, as many have said and as many continue to believe. That is absurd. The media is always subordinate to the dominant interests in a society. But in our country, the media, which has its defects and problems, is subordinate to the interests of the nation, the interests of the people. That is the way it is.

Do you think it would be wise to give room for ideas of annexation in our media? Don't you think it would be suicidal to allow those who favor annexation to defend their point in our newspapers, especially during these difficult times that our country is facing?

[Rodriguez] I agree. I believe the opposition cannot have a voice in our media because the opposition already has a voice in the media of our enemies.

Maya Aqueduct Serves Maisi Population

FL0405195494 Havana Radio Rebelde Network in Spanish 1700 GMT 4 May 94

[Text] The recently dedicated Maya Aqueduct will benefit more than 14,000 people, representing more than half the population of Maisi Muncipality, the easternmost point in Cuba and the main coffee producer in the country. Further details on this by reporter Leonel Perez Moya:

[Begin Perez recording] Using its own resources, at a cost of 690,000 pesos, the revamped plant operates by gravity and replaces the old, inefficient installation that has been corroded by inclement weather. The approximate five km of conduits and pipes of various diameters, leading to the main duct, replaces the pumping system, with an annual savings of 590 megawatts of electricity.

This inexpensive technology provides for a continuous supply of potable water to residents of Punta de Maisi on the easternmost point of the nation; to La Maquina, the center of Maisi Municipality; and to eight other populated settlements. Water is also carried to the largest coffee plant in the zone and to the family doctors' offices, to schools, minifarms, agricultural areas, and other socioeconomic institutions. [end recording]

Matanzas Electric Plant Maintenance Begins

FL0505021394 Havana Radio Rebelde Network in Spanish 2300 GMT 4 May 94

[Text] The workers of the modern Antonio Guiteras Electric Plant in Matanzas City will stop work tonight, following 124 days of continuous operation of the 130-megawatt unit, to conduct a three-day maintenance program on the boiler. This was announced by plant manager Jesus Valdez Torra, who added that on this occasion there will be no need for support from other organizations and that the plant workers will undertake the maintenance program without problems, given that all the required parts are at hand.

With the shutdown at the Antonio Guiteras plant, the National Electric System will reduce its electric generation capacity by 10 percent. This will be reflected in a slight outage increase. However, as soon as the gas circulator unit of the boiler is repaired, which is expected to be completed by 8 May, the unit will be ready to produce the 330 megawatts it regularly produces, with low fuel consumption and the highest efficiency to date in the electric sector.

Isle of Youth Workers Contribute to Power System

FL0405202594 Havana Radio Rebelde Network in Spanish 1700 GMT 4 May 94

[Text] Workers from the Integral Electrical Power Company on the Isle of Youth have contributed more than $39,000, obtained from the maintenance of high-tension transformers, to its electric system, which is independent of the national system.

Barbados

Journalist Describes Castro Arrival

FL0605001394 Castries HTS Caribvision Television in English 1945 GMT 5 May 94

[Text] Cuba's President Fidel Castro arrived in Barbados last evening to attend a high-level session of the United Nations Global Conference on Small Island Developing States, SIDS. As we hear from this dispatch by (Nublen Brewster), the arrival of this controversial leader has caused quite a stir.

[Begin Brewster recording] Scores of journalists waited outside the [name indistinct] Civil Airport from as early as 1900. An hour and a half later, Cuba's President Fidel Castro, resplendent in his customary army green uniform, alighted from a Cubana airline. Flanked on either side by his personal interpreter and UN security guards, he greeted Cuba's resident ambassador, (Lazaro Cabeza), and Barbados Foreign Minister Bainford Taitt.

Then he spoke to an anxious press corps who struggled with Cuban and U.S. security guards to capture his first words on tape. Some of us were shoved, even trampled, as the security officials tried to keep voracious journalists at bay.

Speaking through his interpreter, [words indistinct], President Castro said he is pleased to be in Barbados again. He had stopped here more than 20 years ago while on his way to another [word indistinct] summit. He was then quickly escorted to a waiting Mercedes. We shadowed him and his interpreter to a plush [word indistinct] hotel. [end recording]

Haiti

Alliance, Socialist Deputies Hold Session on Crisis

FL0505224094 Port-au-Prince Radio Metropole in French 1600 GMT 5 May 94

[Excerpts] Our reporter Edner Jean reports on the session held on 4 May in the Chamber of Deputies:

[Begin Jean recording] This session was held at a time when it was basically unexpected. It was only at 1900 GMT that the office of the Chamber was able to muster the necessary working quorum. Forty-two deputies from the Alliance, plus the socialists, participated together to open the session, BP-FNCD [Parliamentary Bloc of the National Front for Change and Democracy] having decided to return to its old empty-seat policy.

Deputy Vital Pierre Francois then proposed reducing the quorum to 39 deputies, which would have relaunched the controversy on the status of those elected on 18 January. After some thorny discussions, the assembly agreed that those 20 contested deputies voluntarily refrained from participating since the signing of the New York pact. The concession, however, was made to list their names on the roll. Clearly, the office of the Chamber of Deputies keeps those contested deputies as a spare solution, which could be useful if and when necessary.

Then the key point of this session was addressed, the reason for which the assembly was convened: the development of the political situation and the means of filling the governmental vacuum. The socialists presented their analysis of the situation. According to them, Article 148 is presently inapplicable without the approval of President Aristide. Article 149 is out of date and Article 111 is maladapted. Duly Brutus, spokesman for the socialist bloc, again recommended political compromise and sacrifice as a solution to the crisis. He asked President Monde to immediately consult with General Cedras for the purpose of convincing the Army's commander in chief that he should make the gesture that the international community is expecting of him, meaning to resign. This proposal raised a stir in the room. [passage omitted]

Deputy Joseph Lambert, one of the leading lights of the Alliance, proposed a resolution bill inspired by Article 111 of the Constitution, which will give the National Assembly the right to nominate an ad hoc prime minister until President Aristide decides to appoint another head of government. [passage omitted]

In reaction to the U.S. threat of military intervention as a solution to the crisis, Deputy Lambert proposed a second resolution bill, declaring the Legislative Palace the place of high resistance against foreign military intervention. This bill added that President Aristide is mandated to consult with the Haitian Armed Forces for necessary measures to safeguard the territory's integrity. If not, he will be accountable for this violation of our national sovereignty. These two bills were not voted on, however, because the quorum was invalidated. President Frantz Robert Monde planned another meeting for this Thursday. [end recording]

Monde Seeks Clinton, UN Aid With Aristide

FL0505213694 Port-au-Prince Radio Metropole in French 1045 GMT 5 May 94

[Text] The president of the Chamber of Deputies has taken some new steps to disentangle the situation. Frantz Robert Monde wrote to the U.S. President and the UN secretary general asking them to try to convince President Aristide to nominate a new prime minister in Haiti. It is the latest attempt at mediation from the president of the Lower Chamber, who indicates in his letter that any failure of this initiative would lead the parliament to fill the state vacuum. Here is a summary of the letters of President Monde to U.S. President Bill Clinton and to the UN secretary general, with Clarence Renois:

[Begin Renois recording] It is a new approach by the president of the Chamber of Deputies. Frantz Robert Monde specifically addressed the president of the United States. He began by criticizing the attitude of the Democratic congressmen of the Black Caucus who, according to him, desire a solution to the Haitian crisis, even if it involves weapons and genocide. The president of the

Chamber of Deputies also deplored to the U.S. president the behavior of President Aristide who, according to him, is trying to provoke an upheaval among the officers of the Haitian Armed Forces, and who stubbornly refuses to nominate a new prime minister because it would favor the application of the legislators' plan.

Frantz Robert Monde, in writing, called on President Clinton's wisdom and clear-mindedness avoid the influence of the Black Caucus Democrats who, he says, are exploiting Haiti's crisis to pursue and defend their own interests. Frantz Robert Monde also pleaded with the president of the United States in favor of a national solution to the Haitian crisis. Only negotiations among Haitians, and the unemotional support of the international community can save what can still be saved in Haiti.

The president of the Chamber also addressed the UN secretary general, soliciting his support in prompting Jean-Bertrand Aristide to nominate a prime minister. I call on your humanism and your high sense of morality, writes Frantz Robert Monde, who foresees, and I quote: If the United States does not succeed in convincing the president-in-exile to fill the political vacuum, the parliament will be left with a last resort, recognizing the persistent refusal of President Jean-Bertrand Aristide to obey the Constitution's provisions.

Following the consultations in Port-au-Prince, here is now the president of the Chamber of Deputies involving himself in a new approach, this time with the international community, specifically the world's highest authorities in order to find a solution to the crisis. It is only after consultations with U.S. President Bill Clinton and UN Secretary General Butrus-Ghali that Frantz Robert Monde will consider applying the articles of the Constitution to emerge from the political deadlock. [end recording]

Letter To Clinton Notes 'Disappointment'

FL0505194894 Port-au-Prince Signal FM Radio in French 1030 GMT 5 May 94

[Text] Chamber of Deputies President Frantz Robert Monde is dismayed by the numerous steps taken by several U.S. sectors to find a solution to the Haitian crisis. In a letter to U.S. President Bill Clinton, Bob Monde conveyed his disappointment with the Democratic congressmen's attitude of the Black Caucus, who want to impose—even through genocide and force of arms—a so-called solution to the Haitian crisis.

In his letter to President Clinton, the president of the Chamber of Deputies points out President Aristide's obvious tendency toward provoking an upheaval within the command staff of the Haitian Armed Forces by soliciting on the very day of his installation [7 February 1991] the dismissal of the entire military command of that time and by demanding five months later the resignation—under pressure—of the commander in chief of the Army, General Herard Abraham who was replaced by Gen. Raoul Cedras. Cedras was appointed provisionally, something that the Constitution does not provide for, Monde points out.

While looking for a solution that can put an end to the distress of the Haitian people before the accelerated deterioration of their living conditions, the office of the Chamber of Deputies initiated a series of consultations with the various sectors in order to fill the institutional vacuum created by the departure of Robert Malval, Bob Monde further states. It is no longer time for war, writes Bob Monde, but for peace, the noble objective for which the United Nations was created.

In conclusion Robert Monde says: I appeal to the wisdom and the clear-sightedness of the head of state of the most powerful country of the world so he does not let himself be influenced by those men who—all things considered—are exploiting the Haitian crisis, the anguish, and the misery of the Haitian people to seek and defend their own interests. Thus concludes the letter Chamber President Frantz Robert Monde sent to U.S. President William Jefferson Clinton.

Deputies Analyze Clinton 'Warning'

PA0505203694 Madrid EFE in Spanish 1851 GMT 5 May 94

[Text] Port-au-Prince, 5 May (EFE)—Haitian parliament President Frantz Robert Monde has asked the United States and the United Nations to pressure ousted Haitian President Jean Bertrand Aristide to appoint a prime minister, otherwise the deputies will fill the void in the executive branch.

Monde's request, contained in letters sent to President Bill Clinton and UN Secretary General Butrus butrus-Ghali, was disclosed in Haiti on Wednesday. This is one day after the United States presented the UN Security Council a draft resolution for a total trade embargo against Haiti to pressure the military to give up power. Monde indicated to Clinton and Butrus-Ghali that he favors negotiations between Haiti to save whatever is left of the nation. He also asked Clinton not to be influenced by members of what he called "the black caucus" in the U.S. Congress because they are defending their own interests through the Haitian crisis.

Meanwhile on Wednesday, a group of deputies analyzed President Clinton's warning to the military coupists to relinquish power. Duly Brutus, from the Progressive Nationalist and Revolutionary Haitian party, socialist in leaning, said the best way to avoid the loss of sovereignty is to request General Raoul Cedras, Armed Forces chief, to fulfill his promise to resign—in keeping with the agreement signed at Governor's Island in New York in 1993.

Nevertheless, other deputies, such as Pierre Francois Vital, have proposed the appointment of a temporary prime minister by parliament until Aristide designates one, as provided for in the Constitution.

Legislator Joseph Lambert suggested Aristide be asked to order the Armed Forces to take a position to defend the country in light of possible U.S. military intervention. Lambert said that if Aristide does not issue this order, he will be blamed for the U.S. intervention and tried for it.

Senator Bernard Sansaricq reiterated his petition that Constitutional Article No. 149 be implemented, and that Supreme Court President Emile Jonassaint be appointed temporary president.

In addition to the critical political situation, two sympathizers of deposed President Aristide were arrested arbitrarily in Port-au-Prince at the end of April. The OAS-UN civilian mission, which is in Haiti supervising the human rights situation, denounced these arrests.

The international mission expressed "great concern" over these arbitrary arrests and the illegal detentions, and asked the Armed Forces to respect legal dispositions regarding human rights and the mental integrity of individuals.

The wave of violence heightened in the past hours when the body of Jean Verdy Bastien, head of a lottery company, renowned businessman, and owner of the "Celeste F.M" radio station, was found. Bastien, a wealthy businessman who was linked to political groups opposed to President Aristide, was shot to death in Port-au-Prince the night of 4 May. The motive for this murder remains unknown.

In April, five employees of another lottery company were also shot to death under circumstances still unknown. Today, local media reported that on 4 May, three bodies riddled with bullets were found in various areas of the country.

Sansaricq Quotes Bush on Indigenous Solution

FL0505221494 Port-au-Prince Signal FM Radio in French 1030 GMT 5 May 94

[Text] Senator Bernard Sansaricq says he is against any form of armed intervention in the crisis. In the opinion of the president of the unofficial office of the upper chamber, who calls for the formation of a competent government aimed at getting the country out of the deadlock, the solution must be Haitian. The Clinton administration is divided as to the strategy to adopt concerning the Haitian crisis, according to Sansaricq, who claims Republican support for implementation of Article 149. The statements by former U.S. President George Bush bear witness to that.

Article 149 is the only solution to the crisis, according to Sen. Sansaricq, who condemns possible reinforcement of the sanctions on top of an already difficult situation. The embargo has already caused irreparable damage to the country: 50,000 deaths, according to the Grand'Anse senator, who appeals to the conscience and patriotism of the Haitian head of state for the lifting of the sanctions. Let us listen to Bernard Sansaricq.

[Begin Sansaricq recording, in Creole] There may be a military intervention in Haiti. This has been requested by several U.S. senators and several members of the Black Caucus in the United States. It is with this objective... [pauses] For example, the recent visit to Haiti of Reverend Thomas Ferguson, who is a Black Caucus member from the Republican Party, clearly indicates that there are several sectors within the U.S. Government; there are sectors, especially the Republican Party, that support what we are doing in the Senate of the Republic.

President Bush made a statement yesterday. What he said was very eloquent. He told President Clinton: Let Haiti be Haiti. [previous four words in English] Let Haiti be what it is, let Haitians find the solution to the problem by themselves. Let us Haitians take the necessary steps to solve the problem by ourselves. [end recording]

Celeste FM Radio Owner Bastien Killed 4 May

FL0505194994 Port-au-Prince Signal FM Radio in French 1030 GMT 5 May 94

[Text] We have learned from a reliable source that Jean-Verdy Bastien, owner of the Celeste Borlette Banks and the private radio station Celeste FM, was assassinated on the night of 4 May at about 2200 in upper Delmas. His driver was also injured during the attack against him by a group of armed men who had set up an ambush. According to our source, Jean-Verdy Bastien's body was transported to the general hospital morgue.

PJF Members Seize 317.2 Kg of Cocaine in Tijuana

PA0605011494 Mexico City LA JORNADA in Spanish 21 Apr 94 p 41

[Text] Federal Judicial Police [PJF] arrested an alleged drug trafficker in Tijuana, Baja California, for trying to take 317.2 kg of cocaine base to the United States. The drug would have been worth $30 million on the international market.

The PJF conducted three operations in Guerrero, Morelos, and Tijuana, seizing approximately two kg of pure heroin. Operations in four other states resulted in the seizure of 62 kg of ephedrine and 1,024 kg of marijuana. In other operations conducted in seven states, 31 alleged drug traffickers were arrested and 13 vehicles confiscated.

The Attorney General's Office [PGR] reported that PJF members, on duty at the checkpoint in (Precos) in Benjamin Hill Municipality along the Tijuana border with the Unites States, forced a truck driver who was hauling lumber to stop for inspection.

The policemen carefully checked the vehicle inside and out and discovered a false bottom in which they found dozens of packages wrapped in plastic. Upon removing the plastic, they found that the packages contained pure cocaine weighing a total of 317.2 kg.

Ramon Lopez Salazar, the truck driver, was taken to the PGR and charged with crimes against public health. The driver said he had picked up the drug in Ciudad Obregon, Sonora and was instructed to take it to the town of Progreso, Baja California, from where it would be smuggled into California in the United States. The PGR said that if the 317.2 kg of pure cocaine had entered the drug market, it would have put some 5 million fixes into circulation.

Seizures in Seven States; 31 Alleged Drug Traffickers Arrested

The PJF has seized nearly 2 kg of pure heroin, 62 kg of ephedrine, and one ton and 24 kg of marijuana in various operations in seven states. Police arrested 31 alleged drug traffickers and confiscated 13 vehicles.

In Guerrero, the PJF found 810 grams of heroin hidden between shoe boxes and car tires at a residence in Petatlan Municipality. Additionally, they arrested brothers Bartolo and Alejo Villasenor and Valente Nunez Cardenas. In Morelos, four alleged drug traffickers in possession of 613 grams of heroin were arrested.

A woman was arrested at Tijuana International Airport for having three packages containing 590 grams of heroin adhered to her body. According to the PGR, the drug was detected by a "narcotics dog." The woman told personnel at the Federal Prosecutor's Office that she received the drug from an individual in Caleta de Campos, Lazaro Cardenas Municipality, Michoacan, who paid her 500 nuevos pesos to take it to Tijuana.

Another four people were arrested in various operations in Tijuana. Authorities seized a total of 62 kg and 460 grams of the chemical precursor ephedrine, 181 kg and 280 grams of marijuana, and two trucks from them.

Meanwhile, a truck driver transporting 274 kg of marijuana inside his vehicle was arrested at a residence located at the km-17.5 marker on the road to San Felipe Ensenada, Baja California.

The PJF apprehended a bus driver from the Omnibus of Mexico line and his escort on the Durango-Parral road in the town of Morcillo, Durango. The report added that 107 kg of marijuana was inside the bus.

An individual who was promised $2,500 to transport 150 kg of marijuana to Vallecillo, Nuevo Laredo, was arrested in Nuevo Laredo, Tamaulipas. Two people were arrested in El Precos,located at the km-163 marker of the Mexico City-Laredo road, Linares-Hualahuises stretch. Officials seized 121 kg and 500 grams from these two individuals, who were accompanied by two children.

Several operations in Baja California Sur resulted in the seizure of 84 kg and 500 grams of marijuana and a vehicle and the arrest of three alleged drug traffickers.

Plane From Cali, $50 Million in Cocaine Paste Taken

PA0605031494 Madrid EFE in Spanish 0004 GMT 6 May 94

[Text] Mexico City, 5 May (EFE)—Today, a source at the Attorney General's Office [PGR] reported that Mexican authorities have seized a little more than 400 kg of cocaine paste and confiscated an aircraft that flew from Cali, Colombia, to the Cancun International Airport.

The drugs were discovered in a building at the airport, near the aircraft whose range and speed, according to the PGR, make it ideal for transporting drugs. For this reason, the plane was confiscated and its two crewmen detained.

The authorities estimate that, considering price fluctuations and the quality of the drugs seized, the load would have yielded close to 6 million doses and would have had a market value of $50 million. The authorities said an investigation has been opened to determine the exact origin of the drugs and the involved of the plane's crew.

The PGR has reported that so far this year approximately 7.5 metric tons of cocaine have been confiscated in various actions throughout the country.

Police Seize 5.8 Tons of Marijuana

PA0505175594 Madrid EFE in Spanish 0001 GMT 5 May 94

[Text] Mexico, Federal District, 4 May (EFE)—Mexican Judicial Police have seized 5.8 tons of marijuana worth $36 million, a spokesman for the Attorney General's Office (PGR) reported on Wednesday.

The operation was conducted in La Paz, capital of Baja California Sur State, some 1,250 kms northeast of Mexico City. According to the information available, the seizure was made at a La Paz loading terminal during the inspection of a trailer that had come from the port of Mazatlan, Sinaloa State, one of the states with the highest incidence of narcotrafficking. According to the driver, the truck was bound for the California, (United States) border, where the drug would have a commercial value of $36 million.

The PGR is holding the truckdriver pending a decision on any penal action against him for crimes against the public health. It has also begun investigating the prisoner's plan and possible accomplices as well as the place of origin and the destination of the stupefacient.

Salinas Speaks on Efforts To Combat Crime

PA0605012894 Mexico City Radio ACIR Network in Spanish 0119 GMT 5 May 94

[Message to the Nation by President Carlos Salinas de Gortari at Los Pinos Presidential Residence in Mexico City on 4 May—recorded]

[Text] Fellow Mexicans: In recent months, Mexico has faced some events which have hurt us as well as others that have saddened and angered us. All of these events have shocked the Mexican people, and this is why I want to talk to you so we can reflect on this together and so I can convey my feelings to you about these events—events that have forced us to come together and decisively act in favor of the nation.

I know the Mexican people are convinced that violence is not the way to resolve differences, remedy difficulties, or promote personal or group interests. The path we have embarked upon is one of dialogue and solidarity, and it is one that will not be interrupted. I am committed to complying with the laws and to fighting violence, specifically impunity, kidnapping, and drug trafficking. All of these forms of violence have caused great damage to other countries, and they seek to harm our nation as well. This is why this is the best time to reassert our commitment to Mexico.

To combat the threats of criminals and organized gangs against public security, I have created a Coordinating Board that falls within the jurisdiction of the president of the republic. Through this new organization, we will redouble the efficiency of the Attorney General's Office to fight crime. As head of this organization, I have appointed—by virtue of the powers bestowed on me by Article 89 of the Constitution—a very prominent and experienced jurist with a clear determination to implement the law.

In light of incidents that seek to generate fear and mistrust, the state's response is overwhelming. No one should question our firm resolve to enforce the law vis-a-vis criminals and gangs. The greatest problem, however, lies in existing divisions, baseless conjectures, and discouragement, which is precisely what the criminals want. Our response must be clear, firm, and committed or we will place peace and the de jure state at a disadvantage. In the face of rumors and uncertainty, we will brandish truth and information.

The government is adapting and will continue to adapt to the de jure state as the primary mechanism for justice and peaceful coexistence. We will continue waging a battle against gangs and drug trafficking in all forms and against impunity with greater strength and efficiency. We will also continue waging a battle with all the rigor of the law and the strength of our national unity against these criminals who constitute Mexico's true enemies. We also will make the greatest efforts possible in seeking a peaceful solution to the Chiapas conflict. We will keep our promises, and we will continue giving all our support to the peace commissioner. The murder of Colosio will not go unpunished. The special assistant prosecutor has my complete support to conduct a thorough investigation to enable the judicial branch to find those who are responsible.

We will continue legally and untiringly opposing those who stir up violence in Mexico. This campaign requires respect for decisions made by our courts, because only they can issue sentences and impose penalties on lawbreakers. Only our courts can punish those who violate our rights. Moreover, justice does not permit sentencing without due process or retaliation.

Fellow Mexicans, In light of the recent violent events, we, the Mexican people, cannot and should not forget the many positive events, actions, and circumstances that, in recent years, have transformed Mexico into a nation characterized by greater opportunities, international respect, and, in particular, greater justice for the Mexican people. This will undoubtedly be the best legacy we will be leaving for future generations. As a result, we must persevere with the changes proposed and keep making progress in the areas of respect and dignity of individuals, Indian groups, communities, and citizens in general.

In response to the question of what we will do, I believe all Mexicans are already doing something. For instance, we have intensified dialogue—the one taking place between the government secretary and the political parties is a case in point—and we will keep transforming our pluralism into strength and our differences into starting points for new democratic encounters. We will continue promoting closer ties between authorities and communities and work to reduce the pitfalls that those who oppose Mexico's progress want to exploit. We will consolidate our economic efforts to create more opportunities. We will continue implementing measures to accelerate the economic recovery and, in particular, we will continue investing, timely and efficiently, those resources earmarked for social expenditures.

These expenditures are the highest they have ever been. They are expenditures that support the people, communities, and families—the most valuable things in our nation. I know the economic situation worries families. I will increase the determination and the efforts to open more economic opportunities that you need. There will be more actions in favor of the people's economy [economia popular]. To stimulate the countryside, we will continue providing direct support to Procampo [Program of Direct Support to the Countryside], which helps more than 3 million peasants who work the majority of the country's cultivated land. With Procede [expansion unknown], we will continue to issue the title deeds that hundreds of thousands of ejido holders demand and have a right to in the country.

To increase wellbeing, we will continue spending more—more than ever before in our history—on education. This year, we will invest more than 6 percent of the GNP, which is the highest proportion in the century, in favor of our children's education. We will continue to support our teachers with tangible measures. In the health sector, we are protecting more Mexicans, eliminating diseases that affect our children and vaccinating all of them. Above all, we are doing so with higher quality efforts and a sense of service.

We will build nearly 340,000 houses, a number that has never before been built in a single year and which is more than one-fourth of all the houses built in the past 60 years. We have expanded credit facilities for small and medium-sized businesses which create countless jobs and which are so important to us. We are doubling the number of scholarships, to reach the level of 200,000, for the training of workers and those who are unemployed at this time. In this way, 200,000 Mexicans will obtain an income and improve their training and preparation to take advantage of the opportunities created by new jobs. We are strengthening the 130 regional solidarity funds to finance productive projects in approximately 4,000 Indian communities.

Fellow Mexicans, We are going to continue working for Mexico, as is our duty, as is everyone's duty. We are mainly going to redouble public security, without limiting democracy or freedom. We will continue to oppose violence with the force of law and with the values that unite us and give us a future. In the face of attacks, we will employ unity, legality, and each individual's commitment to Mexico. In the face of injustice, we will employ the resolute action of the entire nation in favor of those who have less. In the face of insult, we will employ our essential unity as Mexicans. Who benefits from rumors? Who benefits from confusion? Certainly not the republic's institutions, not the country's democratic forces, not tolerance, and not those who peacefully struggle for justice. We do not accept the use of misinformation against Mexico.

No action can change our determined resolve to respect freedom of speech or criticism. An excess of this freedom will always be better than placing limits on it. I reiterate that we promote unity not to silence dissenting voices but, rather, to unite resolve to strengthen institutions in a harmonious alliance of all Mexicans. Of course, this is not the first nor will it be the last difficult period we will face. Still, the ties among the Mexicans are great and strong. Our determination to move ahead and resolve our challenges one by one remains firm. Our desire remains firm to continue as a whole nation progressing in peace, with freedom, and more justice. We will close ranks and redouble our steps; this will be our response in the face of attempts to block Mexico's progress. That is what I have heard from the voices of many Mexicans, legislators, different sectors, the various political parties, and the population in general in my regular tours throughout the country. I have in me all of the enthusiasm and energy to fulfill my duty of serving Mexicans.

Fellow countrymen, This is our most important and significant principle—firm dignity and unalterable strength—which make us proud as a people and defines us as a nation. Without a doubt, Mexico will come out stronger, with more freedom, democracy, justice, and reaffirmed sovereignty. This is what we will do because this is what we learned from the generations that preceded us, and because this is, without a doubt, the best lesson and example we can give our children and grandchildren.

Fellow countrymen, Viva Mexico!

Further on Baja California Official's Arrest

PA0605004294 Mexico City Radio ACIR Network in Spanish 0000 GMT 5 May 94

[Report by Jaime Flores in Baja California; from the "ACIR Radio News" newscast—live]

[Text] [Unidentified announcer, at the Radio ACIR studios in Mexico City] At noon, we reported on a news conference by Sergio Ortiz Lara—now under arrest—a news conference he gave as the deputy prosecutor of Baja California, not as a prison inmate. Ortiz Lara was arrested last night on charges linked to drug trafficking, the 3 March shootout, and the release of two people involve in this shootout. He is also accused of administrative crimes. At 1400, Baja California Governor Ernesto Ruffo also held a news conference. Jaime Flores, can you tell us what he said?

[Flores] Governor Ernesto Ruffo's news conference ended not more than five minutes ago. He came from the capital to meet with the press and give his views on Sergio Ortiz Lara's arrest yesterday, as you have already noted. Mr. Ruffo said he considers the Federal Attorney General's Office as being completely politically irresponsible in the way it has handled these conjectures. Ruffo said the arrest is based solely on theory and not on hard facts. In a sense, he supports Sergio Ortiz Lara.

Ruffo has asked the federal government for more transparency and openness in its actions. He said that coordination—as required between state institutions and the

federal government—must exist in incidents such as this. I questioned Mr. Ruffo during the news conference on the statements made this morning by Sergio Ortiz Lara. Ortiz Lara had indicated that these actions not only harm the Attorney General's Office, but they also harm other federal institutions and Ernesto Ruffo's government. In this regard, Ruffo said openness and transparency were needed, and he added that the government needs to avoid conjectures or empty theories because it cannot operate under such conditions. Ruffo said authoritarianism is not the way such issues should be handled. He added that on this occasion the authorities had fallen into authoritarianism.

In conclusion, he said—after I had asked him whether this problem had become imminently political in nature—that the current situation of confrontation will prevent democracy from progressing. The truth is that one must not act on conjectures. He said that soon he will try to meet personally with President Carlos Salinas de Gortari and with Government Secretary Jorge Cartizo.

He also said that, from his point of view, there is no relation between Sergio Ortiz's arrest and the murder of Municipal Security Director Federico Benitez. As everyone knows, Benitez was gunned down last Thursday at La Mesa while travelling with this bodyguard in an official vehicle. The state governor does not agree with the Federal Attorney General's Office handling of Ortiz Lara's arrest. He said this action is based on conjectures and not on hard facts.

He also said the matter of Cristine's disco, which was mentioned by Attorney General Diego Valades, is nothing more than speculation because there is no specific information involving Sergio Ortiz Lara.

Unofficially, I would like to tell you that it has been learned that an arrest warrant has been issued against former Prosecutor Juan Francisco Franco Rios. As I already mentioned, he is considered responsible for having sold identification credentials to drug traffickers, in this case, to criminals who were killed at Cristine's during the shootout.

[Announcer] What party is Juan Francisco Franco linked to?

[Flores] Juan Francisco Franco Rios was, up intil two weeks ago, justice prosecutor. Of course, he belongs to the PAN [National Action Party] administration. This incident occurred barely one year after Ernesto Ruffo became governor. He has always been linked to drug trafficking matters. This information I am giving you is unofficial, although we will try to confirm it. A tight lid has been placed on this case. Deputy Prosecutor Sergio Ortiz Lara depended on former Justice Prosecutor Juan Francisco Franco Rios. This news is unofficial. It is very suspicious that just over a week ago, he left his post and now no one know his whereabouts. The current prosecutor is Pedro Vidal Rosas.

[Announcer] Furthermore, Jaime—please allow me to make a comment and remind our listeners of this—I read a report two weeks ago in which the governor of Baja California referred to rumors linking his brother to drug trafficking. He said that if this were true he would put his brother in jail. Now we are hearing that, according to investigations and the events of the past few days, there is an apparent connection between members of PAN—and, remember, this assertion is not mine—and drug trafficking, which has also been linked to the arrest of Baja California Assistant Attorney General Sergio Ortiz Lara. You also pointed out and wondered whether this is not becoming a political or partisan issue and whether both sides—government officials and the PAN—should be called upon to fully adhere to the law.

[Flores] Well, reporter Ana Patricia asked Mr. Ruffo about that very same thing. His answer was this: Oh, the famous Claudio. He said it jokingly; he was smiling and calm. He said the only thing he knows about his brother is that he owes a debt to the Finance Secretariat involving some property he owns in a small town called Rosarito, 30 km south of Tijuana. He says his brother Claudio Ruffo's problems are exclusively under the jurisdiction of the Finance Secretariat, to which he owes an unspecified amount of money, and he admitted that his brother is living on the other side of the border. He said, however, that he is not aware of any lawsuit against Claudio, adding that action should be taken against his brother or anyone else charged with drug trafficking. Ruffo added that he has 18 more months in office and that his goal is to combat crime. This is exactly what Mr. Ruffo said about his brother.

EZLN Issues Communique Commemorating Labor Day

PA0505153994 Mexico City LA JORNADA in Spanish 2 May 94 p 16

[Communique issued by the Clandestine Indian Revolutionary Committee General Command of the Zapatist National Liberation Army from the mountains of southeastern Mexico in Chiapas State on 1 May]

[Text] Clandestine Indian Revolutionary Committee General Command of the Zapatista National Liberation Army [EZLN], Mexico, 1 May 1994.

To the Mexican people:
To the peoples and governments of the world:
To the national and international media:

Brethren:

The Clandestine Indian Revolutionary Committee General Command of the EZLN addresses the following message to you:

Today, 1 May 1994, we once again commemorate Labor Day. Throughout the world, rural and urban workers celebrate their rebellion against exploitation and reaffirm their hope for a more just world. In Mexico, Labor

Day is a day of struggle. Since that day, when the bad government which now oppresses us from the Zocalo in Mexico City deprived the Flores Magons of their just aspirations, chains have been dragging down the best Mexican workers. False and corrupt leaders, some more than nine decades old, traffic with the Mexican workers' pain. They are the mainstay of the supreme government that is now peddling our history and our land for foreign currency. The workers struggle for organizational independence has exposed the triple alliance of bad government, corrupt leaders, and the rich and powerful.

The enjoyment of ill-gotten gains now has a new name tag. Another mask hides our pain from our own eyes, and a new name unites injustice, slavery, and usurpation—neoliberalism.

The workers who build our country are bleeding from three wounds: they are bled by the powerful through unfair salaries, humiliations, and threats. They are bled by the traitors who run the government's large central unions through extortions, beatings, and death. They are bled by the turncoats who, in the offices they have usurped, draft the laws that their treachery dictates.

Thrice the worker dies in the mill of our nation's history: he dies of poverty because he is not justly paid for his new tasks. He dies of humiliation because his defiant words are silenced by the treachery of those who claim to be like him. He dies of slavery because the bad government ignores his will and his determination.

Thrice the Mexican worker fights on dirt and asphalt: he fights for justice to have bread and truth in his house and on his table. He also fights for the freedom of his words and deeds so his children will not inherit his shame. He fights for democracy because in his power to change matters lies his power to govern and uphold self-government.

The future we all want for our entire nation has three lives: The life of its own strength derived from those brothers whose work is recognized. The life of its hand in the hand of a peasant worker. The life of its embrace that encircles our entire people so that we can march together down a new and better path.

Thrice the faceless worker lives and dies. Faceless, uncleansed by the hunger that stains him. Faceless, prey to the treason that destroys him. And faceless because his will is unfulfilled.

Thrice he dies, thrice he fights, and thrice he lives. Thrice walks the faceless worker who creates the nation's wealth and makes it tangible, measurable, and changeable.

Brothers:

From a similar but different history, another faceless being looks on this day with hope: from the mountains in the farthest corner of Mexico, a faceless hope, whose step is merely a tender voice and fire, salutes the workers.

The false masks that are plundering us today must fall three times, the unjust labor and pay must fall. The treason that leaves us speechless must fall. And the government that breaks our resolve must fall.

Justice! Liberty! Democracy! These are the three keys to the three chains. Justice in the right to a dignified and well-paid job. Freedom in the right to organize ourselves independently of powerful men and their spokesmen. Democracy in the right to demand that the government must obey its mandate.

This is what we, the meekest people in these lands, are asking for. We want only this: three rights; three struggles; three suns. And one tomorrow: that of a new Mexico.

Mexican workers of the cities and the countryside, Let your voices be heard next to ours. Let your shouts be heard loud and strong throughout this land. Take this hand that your meekest brother offers you. Three forces should walk as one: the workers' force, the peasants' force, and the peoples' force. With these three forces nothing can stop us.

Already our blood is being lost in history. The brother of the industrial world cannot let his peasant brother die of shame. Let all people unite as one. May the curse that divides us never again darken our skies.

Listen to our voice although it comes from afar. Hail! You toilers of the sea and tillers of the land! The Zapatists join you in your struggle! With you, there will someday be a homeland and a future for us all. Without you, darkness will continue to rule these lands! Liberty! Justice! Democracy!

Respectfully:

[Signed] The Clandestine Indian Revolutionary Committee General Command of the EZLN. General Headquarters; the mountains of southeastern Mexico; Chiapas, Mexico.

[Issued] 1 May 1994.

Two U.S. Companies Accused of Violating Labor Laws

PA0505183294 Mexico City UNOMASUNO in Spanish 29 Apr 94 p 18

[Article by Lourdes Sierra Arenas]

[Text] The Labor Commission for North America began operations with two lawsuits, one against a General Electric [GE] assembly plant and the other against the Honnewey [name as published] Company, both located in Chihuahua State. The suits accuse the companies of firing 110 workers for attempting to unionize and of not paying "back wages".

These are the first two cases that have arisen following the implementation of NAFTA. The two aforementioned companies violated the norms established in the Labor Agreement for North America signed by Mexico, the United States, and Canada, which acknowledges full respect and protection of workers rights and laws in each country, said Berta Lujan, secretary general of the Mexican Network for Action on NAFTA.

At a news conference, Lujan said the charges filed with the Commission, which is presided over by the labor ministers of each country, were presented in December and investigations are now under way to determine to what extent Mexican workers' rights were violated. The organization is expected to reveal the results of its study in three months. The plaintiffs responsible for taking this lawsuit to the trilateral organization headquartered in Dallas, Texas, are the United Electrical Workers and the Teamsters Union, who are supported by the Network, Lujan said.

The GE assembly plant fired 70 workers, while the Honnewey Company fired 40 workers. The charges were filed to obtain the workers' reinstatement, to force the payment of "back wages," and to demand respect for the right to unionize.

For their part, Andres Penaloza, Victor Osorio, and Alejandro Villamar, also members of the Network, expressed the need to include labor and environmental protection norms in the trade agreements Mexico is negotiating with Central and South American countries so there will be protection of natural resources as well as of workers rights. They believe that with the signing of these trade agreements, which in the case of Mexico and Costa Rica already has been signed, our country is looking for a solution for those companies that will not be able to compete against the United States. Markets will be won by "striking" and substituting small producers in those countries.

Within this context, Andres Penaloza, coordinator of the NAFTA Follow-up Commission, said the Network is developing several proposals for renegotiating NAFTA, which will be presented to the nation's presidential candidates.

PT Candidate Explains Election Platform

PA0505183694

[Editorial Report] Mexico City Radio ACIR Network in Spanish 0000 GMT 26 Apr 94 reports that Labor Party [PT] presidential candidate Cecilia Soto explained her platform during Radio ACIR's "Panorama Newscast." She stated the Institutional Revolutionary Party [PRI], National Action Party [PAN], and the Party of the Democratic Revolution [PRD] "share the obsolescence and fatigue of the Mexican political system." Commenting on PRI presidential candidate Ernesto Zedillo's invitation to his PRD and PAN rivals to hold a debate, she regrets her exclusion and adds that it breaks slain PRI candidate Luis Donaldo Colosio's promise that the debate would include all candidates. When describing what her cabinet would look like if she were elected Soto says the country must have "true" experts in their fields. She adds that her cabinet would include members of other parties and several women. On the topic of the Federal Judicial Police, Soto advocates abolishing this corps as it has turned into "a Frankenstein monster that is difficult to control."

El Salvador

Group Threatens FMLN With 'Death Penalty'

PA0605043494 San Salvador Radio Cadena YSKL in Spanish 0200 GMT 6 May 94

[Excerpt] We are going to repeat the communique sent to YSKL by the Salvadoran Revolutionary Front [FRS], which has issued death threats against former guerrilla commanders Ana Guadalupe Martinez, Joaquin Villalobos, and Eduardo Sancho. We will read the text of the communique and then we will have the reaction of former guerrilla commander Joaquin Villalobos about the FRS death threats.

This is the text of the communique: In view of the FMLN [Farabundo Marti National Liberation Front] actions in the Legislative Assembly, the FRS states:

1. The attitude of the deputies of the ERP [Peoples Revitalizing Expression] and the National Resistance in selling out to ARENA [Nationalist Republican Alliance] in the first vote in the Legislative Assembly is a dishonorable action of high treason.

2. We praise the truly revolutionary attitude of the Communist Party, the Revolutionary Party of Central American Workers [PRTC], and the Peoples Liberation Forces [FPL] for refusing to share the Legislative Assembly's Board of Directors with the party of the death squads. It would be dishonorable and corrupt for any leader to try to sit on that board.

3. We believe the attitude adopted by these gentlemen at this time and all the repercussions of their treasons, such as the case of the El Espino farm, the purge of the Armed Forces, their rejection and insults against Marxism-Leninism and revolutionary ideas, are very grave offenses against the revolution and the unity of the revolutionary forces.

4. It is hoped that the FMLN leadership will adopt an exemplary revolutionary position and will punish this grave transgression in its ranks with the quick and final expulsion of the ERP and National Resistance leaders. If this is not done and the issue is treated lightly, revolutionary ranks would be corrupted and it would be guilty of complicity.

In view of the above, the FRS decrees the death penalty is applicable to the members of the leadership of the National Resistance and the Peoples Revolutionary Army, now called the ERP, led by Joaquin Villalobos, Eduardo Sancho, Ana Guadalupe Martinez, and the rest of the traitors. We announce that we have already ordered our commando units to execute the orders against all the ERP and National Resistance leaders.

[Signed] FRS, 5 May 1994

We have former commander Joaquin Villalobos on the line to give us his opinion about the death sentences issued by the FRS because of the position adopted by the ERP and the National Resistance on Sunday, when the Legislative Assembly Board of Directors was elected. The two groups supported the ruling ARENA in these elections. Good evening commander, go ahead:

[Villalobos] I have just learned of this. I can tell you that this is the result of the encouragement of fanatical positions. We have been insisting to other companeros that to use the word traitor, to make moral judgments, to polarize the situation as they have been doing, or to employ the type of attacks they have been employing would open the doors to a situation in which this type of thing would occur.

I do not know whether this comes from the left or the right. From wherever it comes, it is evidently something that has taken shape or is the result of political positions and the way in which the debate has been turned by the companeros of the FPL, PRTC, and the Communist Party. This is a very irrational and rash position of confrontation that runs counter to dialogue. All media have reported this as a very aggressive, confrontational, enraged, and angry position. Everyone saw the upside-down photographs, with the cross on the top, and the pamphlets decrying the traitors. For me, this threat is a logical consequence. Nevertheless, I tell you that we are not worried. [passage omitted]

Guatemala

Minister Urges U.S. To Lift Travel Warning

PA0605022394 Mexico City NOTIMEX in Spanish 0005 GMT 6 May 94

[Text] Guatemala City, 5 May (NOTIMEX)—The Guatemalan Government today insisted [words indistinct] the warnings of danger to tourists who travel to the country because this might produce at least $5 million in losses this year.

The travel warning for Guatemala was imposed by the U.S. Government in response to a wave of violence in recent weeks.

Guatemalan Foreign Minister Gladys Marithza Ruiz de Vielman said the travel warning for U.S. tourists "does not help Guatemalan efforts to promote development, strengthen democracy, and move toward peace."

Ruiz de Vielman regretted she has not received a reply from U.S. Secretary of State Warren Christopher to a letter sent by Guatemalan President Ramiro de Leon Carpio on 15 April. In the letter, De Leon Carpio promised severe measures against those who commit violent actions and create a climate of instability for the population and especially for U.S. tourists. The president explained that Guatemala [words indistinct] tourists a year, making the tourist industry the second greatest source of foreign exchange for the country.

The greatest number of tourists come from the United States. Last year, 147,262 U.S. tourists visited Guatemala. According to Guatemalan Tourism Institute Director Bruno Mertins, that figure represents 26 percent of the total number of visitors. Mertins said that tourism produced [words indistinct] in 1993, $9.1 million more than in 1992, although the prospects for 1994 are not very encouraging. Tourism revenue is only surpassed by coffee exports which bring $275 million annually in foreign exchange. This amount is only slightly higher than the remittance of money from Guatemalans living in the United States, which amounts to approximately $200 million.

Authorities say they are investigating the reasons for the attacks on U.S. tourists in March in Santa Lucia Cotzumalguapa in the south, San Cristobal Verapaz in the north, and Huehuetenango in the west.

According to official studies in the tourism industry, which provides 70,000 direct jobs, this sector has been the one most hurt by the wave of violence. Mertins said that because of the violence AID suspended assistance it had earmarked for the tourism sector.

Hotels, travel agencies, and tourism operators are undertaking campaigns in various U.S. cities to counteract the negative reports as a result of attacks on U.S. tourists.

U.S. citizen Chris Halter, director of the Christian Foundation for Respect of Indians, said that if by 15 May the State Department does not lift the travel warning, he will go on a hunger strike in front of the U.S. Embassy. On 11 May, a group of Indians who are led by Halter and who earn their living from the sale of handicrafts will stage a march to the U.S. Embassy to protest the travel warning for U.S. tourists.

Nicaragua

Constitution Prevents H. Ortega's Retirement

94CA0102C Managua LA TRIBUNA in Spanish 5 Apr 94 p 6A

[Commentary by Alejandro Bolanos Davis]

[Text] Many of us have wondered, and still others continue to wonder, why Dona Violeta cannot get Humberto Ortega out of the Army. If she is president of the Republic, why is it impossible for her to remove him from office?

There are certainly many different answers to this question. I will give an answer that is based on the political Constitution that was tailor-made to suit the Sandinists' needs.

According to Article 144 of the Sandinists' political Constitution, the president of the Republic is the "commander in chief of the Defense and Security Forces of the Nation," but nowhere in the Constitution is there any other reference to these Defense and Security Forces of the Nation (FDSN). Therefore, the president of the Republic is the commander in chief of a nonexistent military force.

What does exist is the Sandinist People's Army (EPS), but the Constitution itself does not recognize it as the "Defense and Security Force of the Nation." Article 95 of the Constitution states:

"The Sandinist People's Army is a national force and shall protect, respect, and obey this political Constitution.

"The Sandinist People's Army is the military arm of the people and the direct heir of the National Sovereignty Defense Army. The government plans, organizes, and directs the people's participation in the armed defense of the fatherland through the Sandinist People's Army. No armed bodies other than those established by law shall exist in national territory, and the law shall regulate the organization of military forces."

The above makes it clear that:
1) The president of the Republic is the commander in chief of a nonexistent army, not of the EPS.
2) The EPS, the army of the Sandinists' party, is not the national army of Nicaragua, but it is a "national force" because it replaces the Defense and Security Forces of the Nation.
3) Only the EPS, the army of the Sandinists' political party, is allowed to exist in Nicaragua, and it is a national force because it has replaced the FDSN.
4) The EPS derives its power directly from the Army of Sandino, and arrogates to itself the exclusive power to organize the people's participation.
5) The EPS is independent of civilian power, in that it is not under the orders of the executive branch.

In short, the Sandinist political Constitution states that Dona Violeta cannot remove Humberto Ortega from office because she has no power over the commander of the EPS.

Antonio Lacayo, who devised and signed the famous Transition Protocol with Humberto Ortega, committing Dona Violeta's government to honoring the structure of the EPS and the Sandinist Constitution, complicated this situation even further.

In one paragraph, the Transition Protocol states: "Respect for the integrity and professionalism of the EPS and the forces of public order, as well as their ranks, personnel registries, and commands, in accordance with the Constitution and the laws of the Republic, is also the fundamental basis for the orderly transfer of government."

It is rumored that Humberto Ortega will retire from the EPS soon, but for reasons of political and economic convenience that have nothing to do with the executive branch. Before retiring, Ortega will make sure his successor is loyal to him and no one else, so that the EPS will

continue to be an integral part of the FSLN [Sandinist National Liberation Front], a "national force."

Hence the urgent need for a constituent assembly to draft a new political constitution, with new deputies elected by the people, rather than partial amendments to the Constitution by the current Congress, with a majority of deputies favoring Sandinism. We will never free the country from the grip of the Sandinist military by merely amending the Constitution.

FSLN Member Criticizes National Directorate

94P20717B

[Editorial Report] Managua EL NUEVO DIARIO in Spanish of 14 April 1994 reports on page 4 that Sandinist National Liberation Front (FSLN) member Fernando Cardenal criticized the National Directorate (DN) for the actions it has taken since Chamorro took office. These include the lack of criticism of the pinata (the confiscation of property by FSLN leaders following the party's defeat in 1990). By not rejecting the pinata the DN was "discredited" in the eyes of the rank and file to the point that its subsequent actions were rendered ineffective. The DN also erred, Cardenal says, when it forced Sandinist Assembly members to elect the DN as a slate rather than by secret ballot prior to the first party congress in 1991, and when it refused to recognize the Assembly as the party's highest authority between congresses. Furthermore, the DN has ignored "the minimal and most basic ethical principles...and has been unable to prevent detractions, insults, and calumnies on the part of Sandinist militants." Cardenal refers to an interview by DN member Henry Ruiz who said in February that the FSLN secretary general makes decisions in lieu of collective decisionmaking by the Directorate so that "today there is no National Directorate but rather a leadership crisis." Cardenal hopes that his reflections will serve as a guide to participants in the FSLN extraordinary congress which will be held on 20 May.

Bayardo Arce Denies FSLN Will Split

94P20717C

[Editorial Report] Managua BARRICADA in Spanish of 15 April 1994 on pages 1, 11 reports that FSLN [Sandinist National Liberation Front] leader Bayardo Arce no longer believes the FSLN will split at the extraordinary congress to be held in May. He says that, although he had noted in an interview he had given in March that a split was possible, the risk disappeared when the party united behind its opposition to the IMF agreement and the Enhanced Structural Adjustment Facility. Arce affirms that Sandinist factions also agree that the Sandinist Assembly is the party's highest authority between congresses and that candidates for the new National Directorate will come from the Assembly, which will be elected at the congress. The congress will also elect the secretary general and deputy secretary general, who will be chosen from the National Directorate. Arce believes out that fear of "caudillismo" will be laid to rest by "a clear definition of functions and collegial handling of responsibilities."

Victor Tirado Views Democratization of FSLN

94CA0102D Managua BARRICADA in Spanish 12 Mar 94 pp 1, 5

[Interview with FSLN National Directorate member Victor Tirado Lopez by Noel Irias; place and date not given; first five paragraphs are BARRICADA introduction]

[Text] Victor Tirado Lopez, member of the National Directorate of the Sandinist National Liberation Front (FSLN), believes that economic issues are fundamental for the electoral future of his party.

He appealed for the formulation of economic proposals that go beyond momentary problems and set a course along which the Sandinists can take the country.

Regarding the internal situation of his party, Tirado stated that "the factions represent a more comprehensive democratization in the FSLN."

"No member of the National Directorate will remain aloof from these factions. Otherwise, we will be alone, isolated," he declared.

The Sandinist leader said that his participation in one of the factions of the FSLN will depend on how they deal with economic issues.

[Irias] Will the FSLN return to power?

[Tirado] Like all parties, we always aspire to take office, and to political power in general. The FSLN has great potential for running the Government of Nicaragua.

We need to meet a few requirements. To act as a revolutionary party that has committed itself to the defense of the workers' interests.

The current conditions are not the same as they were in 1979; now there is a much wider array of parties in the opposition, contending with the FSLN to become the ruling party.

The FSLN will have to define three important strategic aspects of the current situation: the democratization of the country, the economic crisis, and the electoral processes.

Just as we accepted our electoral defeat and turned over the reins of government to the victorious political forces of the National Opposition Union (UNO), the FSLN must do its part and contribute to the democratization of the country and its institutions.

Above all, it must discuss and debate the great issues that we face today. The most important one is the country's economic plight. This issue is being discussed with a lot of limitations, without giving it the priority it deserves.

Elections are now replacing the armed struggle of the past.

Many countries all over the world are attributing to the electoral struggle the importance it deserves in the effort to continue changes that could not be brought about through armed struggle.

In Nicaragua, we must look at the electoral process in a revolutionary way; if we disdain it as an ideologized measure or procedure, we will not make any changes.

We must create a democracy in the country, expand it, participate in elections, make the institutions of government and civil society work.

Nicaragua is not an island; external influence plays an important role politically, economically, and socially. What is the worldwide trend that is taking place?

We have to look at it this way so that we can resolve the problems that have arisen, so that we can take office in the future and govern by national consensus.

No doubt about it, the market and competitiveness are the watchwords of the day. We must depart from that point to participate as a nation in this worldwide trend and improve the populace's socioeconomic conditions.

[Irias] What are the obstacles to the FSLN's assuming office again?

[Tirado] We face one obstacle: the economic crisis. You are not going to defend the workers' interests with alms. I think that defending the workers means creating jobs, training them, and giving them access to the resources generated by the production system.

If you want to govern, you have to solve that problem, not with populist measures, but with jobs, investment.

[Irias] What can the FSLN do right now to begin solving this problem?

[Tirado] We must begin by revising the government's macroeconomic policies; that is the responsibility of all political forces and economic sectors in the country.

We must seek a consensus to free up the economic mechanisms and revitalize production.

I think that it is in the legal, civic opposition that we have gained the least experience. It has not been a constructive opposition, which we said we would build when we lost the elections.

The FSLN's job is not to help solve short-term problems of poverty, but to contribute to a genuine change in the course of economic policy to open up new sources of employment.

The FSLN must take a serious approach to economic issues to set the country's economic course.

If the FSLN undertakes this task seriously, in the next elections we may not win in a landslide, but we will increase our percentage of the vote.

[Irias] What internal effort is necessary in the FSLN to regain its leadership?

[Tirado] We must establish leadership in the economic sphere. No leadership is capable of implementing all the economic measures that the trade associations are demanding of the government.

Next week the trade associations—coffee growers, stockmen—plan to stage a demonstration, calling for the discussion of macroeconomic policies. That is an effort at establishing leadership. No political party has taken the lead in this discussion.

No economic leadership—which is also political leadership—has emerged from within the FSLN. It is not a matter of wresting the leadership from the trade associations; it is a matter of using the legal and institutional means at the FSLN's disposal and sitting down to discuss the economic policies that are being called into question.

The Sandinist Front should provide an alternative for all of these demands. That is the kind of economic leadership that I think is most important.

[Irias] Do you agree with the existence of factions in the FSLN?

[Tirado] There has been a lot of talk here about the democratization of the FSLN. It is not just a matter of holding a congress to reelect our officials.

The factions represent a more comprehensive democratization in the FSLN. Some people get upset because these factions could lead to divisiveness. That is true, but the divisiveness is there whether or not there are factions.

Those who are in charge of these currents of opinion should bear in mind that political discussion should serve to strengthen rather than to widen distances.

Some people have legitimate aspirations, but that should not cause them to split away from Sandinism, because that would be counterproductive.

The factions will play an important role in the democratization of the FSLN, independently of the congress or of any other activity that might make the FSLN more credible and help it win the people's trust.

[Irias] It is said that the National Directorate agreed that its members would not be involved in any factions. Is that correct information?

[Tirado] There was no decision; it was left up to each individual. Each one was to gauge the consequences and decide for himself. I do not recall any clear-cut decision being made. The matter was discussed in a very limited fashion.

If this whole process is part of democracy, no member of the National Directorate will remain aloof from these factions. Otherwise, we will isolate ourselves. If this is aimed at democratizing the FSLN, what will Victor Tirado or Bayardo Arce do? Remain on the sidelines watching the action?

What will we do? I suppose we will take sides with one faction or another. Actually, right now individuals already participate as groups, classes, or social sectors.

The members of the National Directorate will have to decide to go with one of the two camps; otherwise, some will be left out.

[Irias] There has been speculation that you would sign one of the documents made public by the factions. Will you sign at some point?

[Tirado] My participation in particular—in a faction—will depend on whether they take up and discuss these economic issues and institutions. We must know where we want to take our country.

The issue that interests me is economics. I am not satisfied with political matters. This country's backwardness is an economic problem.

I think that the factions should discuss economic matters, add economic issues to their agenda. They should also add the issue of the Army.

[Irias] Will the FSLN regain its peasant face?

[Tirado] It lost the support of the peasantry over the economic issue. They turned their backs on us because of the price controls, expropriations, and distribution mechanisms. We did not use the market to help peasants develop. These measures caused the peasants to distance themselves from the FSLN.

The FSLN should participate in the responses to economic problems and attract undecided voters. The Sandinist Front must present an alternative beyond what is being discussed now.

In the discussion of the economic policies that are being applied, we can win back the peasant face of the FSLN. It is already happening.

[Irias] What are your personal aspirations?

[Tirado] I was thinking of beginning to write my autobiography while at the same time staying with the Sandinist Front. Thirty years in the FSLN, that has been my life.

I have to find a way of surviving, of earning a living. You always have to participate in political and social activities, in revolutionary activities. It is impossible to live in isolation.

I think that sometimes we Sandinists of this generation, who fought against Somoza and spent 10 years fighting against the United States, have turned positive things into obstacles to the organization and to society. We must make way for others, young people, the new generation that lived on the threshold of war and peace.

One generation has to replace the other so that we can resolve our conflict. I am in favor of having new young people with a different mentality come in. We cannot remain wedded to what we did in the past.

There is always a new alternative that we as a generation have not managed to reinvent.

[Irias] Do you think the current situation in the FSLN is being influenced by the differences between Daniel Ortega and Sergio Ramirez?

[Tirado] I do not think so. I think the media are largely to blame. When they personalize our leaders, the media take sides. They should be more objective.

I do not think it is a personal problem. I think everyone wants reform in the FSLN.

Individuals can also have aspirations; individual initiative is not a crime. I believe that these ideas should be channeled through the established mechanisms, that the bylaws should be allowed to function.

If the current mechanisms are not working, new mechanisms should be developed.

Sandinist Youth Express Disillusion With Party

94P20717A

[Editorial Report] Managua BARRTCADA in Spanish of 20 April 1994 on pages 1 and 5 reports that Sandinist Youth (JS) members charge that the Sandinist National Liberation Front (FSLN) is "divorced" from its youth members. In addition to the accusation that the FSLN "is turning into a party for the old," JS members say the party suffers from a lack of unity and democracy and "has lost credibility...due to the behavior of its leaders." Former JS leader Roberto Stuart points out that the party is no longer influential with young people because FSLN leaders "do not listen" to the ideas of others. Javier Cardoze, JS secretary in Rivas, warns that the FSLN will be hard pressed "to attract the youth vote in 1996." Youth leaders call for wider participation by JS members in decisionmaking activities and a higher standard of ethics.

Panama

Balladares Announces Attorney General Nominees

PA0605034894 Panama City Circuito RPC Television in Spanish 0215 GMT 6 May 94

["Message" from Ernesto Perez Balladares, Panamanian presidential candidate of the United People alliance, in Panama City—recorded]

[Text] Fellow citizens: I ended my political campaign by extending my family's pardon, as well as my own, to citizen Juan Bautista Zapata, because I believe reconciliation should be preached with examples, and because I do not want an incident that all Panamanians deplore to weigh heavily on my mind, or on the minds of those who will support me on 8 May.

Reconciliation is the main pillar on which our government program is based. It is impossible to link all of the social groups to the great enterprise of national reconstruction if we do not end, once and for all, the hatred and zeal for persecution that have poisoned our society.

The task of strengthening institutions so that no one feels excluded, while maintaining the rules of democracy, demands total dedication, and there is no time for fruitless reprisals or revenge. Likewise, there is no place for governments in which a single party monopolizes public functions.

Furthermore, I dare say better service is rendered to democracy if citizens who are not involved in political confrontations share the administrative responsibilities, particularly in posts dealing with the supreme task of managing justice. This is why I promised throughout the political campaign, which officially ends today, that before election day I would announce the name of the attorney general of the nation whom I intend to appoint from the lists I was given by the National Bar Association and the law school faculties of the National University of Panama and the Santa Maria La Antigua University.

A democratic regime must guarantee citizens the honest management of justice and an Attorney General's Office that separate itself from the passions and vicissitudes of politics. Therefore, it is preferable—although the Constitution does not order this—for the nation's attorney general not to belong to the president's party or that he share his political ideology. This guarantees that the post will never be used for political persecution or to harbor the crimes perpetrated by high-ranking public officials. As a citizen, I would not like to see investigations end at points at which they should start. Moreover, it would not be fitting that the state's immense power be used to initiate phony legal proceedings against the current rulers' political opponents.

Mercedes Arauz de Grimaldo, Wilfredo Saenz, and Jose Antonio Sossa offer these guarantees. They personify all of the virtues that should grace an attorney general of the nation—education, experience, honesty, and, above all else, the desire to serve justice without seeking to figure prominently or to launch a persecution. Therefore, it is from these prestigious lawyers—who will have to retire from active party membership—that I will choose the nation's new attorney general and his two substitutes.

I am hereby fulfilling a campaign promise, and, with the same conviction, I reassert another equally important one—to respect other people's opinions. Those who seek to rule the nation's destiny must be prepared to accept, with republican humility, criticism from any citizen—no matter how severe such criticism might be—and, moreover, accept those criticisms issued by the media. The media represent, in most cases, the eyes and ears of society. To disregard their appeals would show poor judgment, and attempts to silence the media run counter to the minimal standards of democratic coexistence.

With this pledge and this conviction, I want to start, along with all of you, a new era of hope and reconciliation. Thank you.

Carles Concludes Presidential Campaign

PA0505200194 Panama City Radio and Television Networks in Spanish 0255 GMT 5 May 94

[Speech by Ruben Dario Carles, Panamanian presidential candidate of Change '94, marking the conclusion of his campaign for the 8 May presidential elections, at the El Panama Hotel in Panama City—live]

[Text] [Shouting: "Chinchorro, Chinchorro"] Fellow citizens. I have dedicated my life to my fatherland. I have worked very hard in very important positions in the government and private sector to achieve the maximum development of Panama, with the purpose of improving as much as possible the living standards of all Panamanians.

The current campaign has been very difficult. On the one hand, I had to act as a retaining wall against the aspirations of those who served militarism, and, on the other hand, against those who know that we will not permit corruption in our government. The struggle has been hard and many times I have been misunderstood. I know my image on television has not been the best. I have been what advertisers call a hard-to-sell product. [laughter, applause] Nevertheless, after touring the entire country, and with the experience of many years of dedication, I know that with your resolve and faith we can build a better Panama.

Today I want to speak to Panamanian youths. I dedicated over 30 years of my life to university teaching. I know—I was also young—that in the classrooms I saw the illusions reflected in my students' faces, their thirst for knowledge, their hope in the future, their desire to excel, and their desire to work. Today I want to say that, as president, I will work fervently for their hopes, for their future. [applause]

Panama must strive to have its children and youths not only educated but that the education imparted be top quality. Education must contribute to the overall development of individuals. A country's most important resource is its own people. As a teacher, and as an offspring of teachers, I also want to address the teachers. Education must be placed in the very best hands. Legal instruments must be adopted to guarantee the education sector the income, the job stability, and training of all those who have the dedication and aptitude to teach. Education is not a job, nor is it a profession. It simply is an apostolate. [applause] Just as one cannot learn with hunger, one cannot teach well if one is hungry.

Now I want to address the Panamanian women—that woman who is mother and father at home and the family's only means of support. I want to speak to the housewife, to the professional woman. I, Ruben Carles, profess infinite faith in the Panamanian woman. My love for my mother and my wife, and the distinction I have afforded women in the companies that I have administered and in the public posts I have held are my best credentials. Our government will see to it that women occupy the posts they deserve in our society. [applause]

Today I also want to address the men in the countryside, many of who are here—the farmers and cattlemen. The agricultural and livestock production in the country must not only be protected, it must be augmented and stimulated. As president, I tell the agriculture-livestock producer and agriculture-industrial producers that they will find in our government the most determined cooperation and protection, both for the domestic market as well as to promote and increase exports. [applause]

I also want to speak to the doctors, dentists, and all of those professionals in the field of health. We need a healthy population. A sick population is a living accusation against the state and government. A country, in order to prosper, needs to have a healthy population, both physically and spiritually. That goal will be a priority concern in our government. [applause]

Additionally, I have excellent running mates, individually and collectively better than those on any other slate. We have, and they are here, a team that understands all the peculiarities of the Panamanian situation, a team made up of workers, peasants, teachers, lawyers, engineers, architects, bankers, executives, businessmen, and clerks. I don't hide anybody in the closet. [applause]

I ask all the Panamanian people to have faith in the future. The government that will result from the victory of 'Change 94 will be made up of men and women of this country, with the knowledge, capacity, honesty, experience, character, and vigor required from them by the current Panamanian situation. [applause] This team, which basically consists of yourselves, will be enriched by youngsters who are willing to participate and make contributions to the building of the country. [applause] The new government must immediately work to meet the most urgent needs of the population. It must promote the generation of new jobs, which will reduce the unemployment affecting so many families. To do this, we have concrete and realistic projects, with viable financing. Our programs do not include fantasies, poetry, novels, or songs. [applause]

Our government must create conditions to improve real income, permitting Panamanians to achieve a better standard of living. To that end, we must create the atmosphere of confidence that invites and attracts private investments, be it domestic or foreign. Panama needs in the near future a government that is capable and honest, not one just honest in words but honest as certified by a clean public and private life. [applause] It must be a government determined to make decisions, with the wisdom to ensure those decisions are wise, with the experience to ensure they are practical, with the moral integrity to ensure they are honest, with the character to ensure they are implemented, with the vigor to implement them without delay, and with discipline to ensure they are executed well. [applause]

And we are going to win. [applause] My conviction is supported by the fact the Panamanian people in these elections will not only elect the government that will govern their destiny over the next five years, but they will decide their future for the 21st century. We must enter the world of development, otherwise, it will take us many decades to achieve it and it will be the poverty-stricken people who will suffer the consequences of that failure.

Panama can achieve that development because our country has diverse natural resources and institutional opportunities. We only need to develop and take advantage of them to turn them into facts that the country's entire population can fully enjoy. We must also provide public services efficiently. The existence of adequate electricity, telephone, water, garbage collection, and security services are indispensable for new investments.

Deficient and costly public services hamper the overall development and well-being of Panamanians. We must effectively defeat crime and eradicate violence in our streets. We must protect the life and well-being of individuals and their properties. We must have zero tolerance for drug trafficking, distribution, and consumption. We must eliminate the impunity that prevails regarding these offenses. We must prevent and persecute money laundering.

The country demands security at all levels, everywhere, and in all activities. All of this will be accomplished if we have as our objective the benefit and well-being of the people of Panama. Also necessary are other transportation and port facilities that must be efficient and competitive. After the country elects our government on 8 May, we will immediately take measures to receive the Panama Canal efficiently. We will, however, steer the inter-oceanic region toward the creation of an international maritime center, and this must be accomplished prior to 31 December 1999. Thus, the country will truly receive the economic benefits from its extraordinary geographic position. The Panamanian state was created to serve its population and not to serve itself. The authorities should only be an instrument through which the state fulfills its lofty goals and duties. Our government will fulfill this mission. This is why victory will be ours if the Panamanian people have faith in God and the future. [applause]

Our government, which will also be the government of all of you, will be, as Lincoln defined it, a government of the people, by the people, and for the people. Thank you very much. [applause]

Advertisement Questions Background of Papa Egoro

PA0505030494

[Editorial Report] Panama City LA PRENSA in Spanish, on the back page of the front section of its 4 May edition, publishes an unattributed, four-color, full-page, paid advertisement that questions the background of members of the Papa Egoro Movement, including its presidential candidate Ruben Blades. The same four-color, full-page advertisement is published by Panama City LA ESTRELLA DE PANAMA in Spanish on page 18A of its 3 May edition and by Panama City EL PANAMA AMERICA in Spanish on page 15A of its 4 May edition.

The upper left-hand corner of this advertisement features a four-color graphic of the flag of the Communist Party of Italy. Next to this flag, flushed right in the upper right-hand corner of the page, is a graphic of the Papa Egoro logo. Although the Communist Party flag features the words "Democratic Party of the Left" and a small graphic rendition of a red flag with a hammer and sickle—none of which is found in the Papa Egoro logo—the two graphics are similar in that both feature green trees against white, circular backgrounds inside large orange fields. Beneath the Italian Communist Party flag, the words "Communist Party, Italy" are published in boldface. Beneath the Papa Egoro logo, the words "Ideological Recognition" are published in boldface.

Immediately below the flag and logo, there is a box featuring three quotes attributed to Ruben Blades. The box reads as follows:

"'I have been charged with belonging to the left because I do not belong to the right.'

"'Che Guevara's project remains in effect.'

"'Another thing that remains in effect is the need for a change, because there should be a change, no matter where it comes from.'

"Ruben Blades, (NOTIMEX) Chile"

Under the box, there is a section headlined: "What Does Papa Egoro Propose?" This section of the advertisement reads:

"•'The first thing the new government must do is have its own currency'—Raul Leis, ECLA [Economic Commission for Latin America] conference, University of Panama

"• 'Mandatory military service is required'—Ruben Blades, TVN Dialogue

"• 'Raise the Social Security quotas'—Ruben Blades, ILDEA [Latin American Institute of Advanced Studies]

"• 'We will change the Assembly in order to rule'—Fernando Manfredo, Youth '94 TVN"

Under this middle section, there is a final section headlined "Who Is Papa Egoro?" This section of the advertisement reads as follows (all capitalization as published):

"PRESIDENT: RUBEN BLADES

"FIRST VICE PRESIDENT: CARL NORDSTROM, former PRD [Democratic Revolutionary Party] member, architect of Noriega's mansions.

"SECRETARY GENERAL AND SPOKESMAN: RAUL LEIS, member of the TENDENCY; activist in solidarity organizations with the Sandinist National Liberation Front and the Farabundo Marti National Liberation Front in Nicaragua and El Salvador, respectively.

"ASSISTANT SECRETARY GENERAL OF THE PARTY: CARLOS VALLE, Noriegista activist in San Miguelito. Charged with embezzlement of the state's sports organizations. Fired from IRHE [Institute of Hydraulic Resources and Electrification] in 1990 for participating in Eduardo Herrera's coup d'etat plans.

"NATIONAL DIRECTORATE ADVISER: DR. ROBERTO CEDENO, author of Ruben Blades' Marxist biography, Noriega's former doctor. Member of the Communist Party's Political Bureau.

"PAPA EGORO CAMPAIGN MANAGER: MIMI DE NORDSTROM, Noriega's secretary in G-2 [military intelligence], trusted translator at the Panama Defense Forces [FDP] headquarters under Noriega's regime.

"PRESS CAMPAIGN MANAGER: REY BARRIA, ECLA employee. Served as leader of the PRD's TENDENCY coordinated by [former Legislator Luis] Lucho Gomez. Appointed by Noriega at Channel 5.

"COURT OF HONOR AND DISCIPLINE: GUILLERMO FRANCO, former PRD member, G-2 informer.

"COLLABORATORS: GUILLERMO TATO LEDESMA, former PRD member, commander in chief of the Dignity Battalions' An Eye for an Eye and a Tooth for a Tooth Operation in San Miguelito, Punta Paitilla.

"GRACIELA DIXON AND EGBERT WEATHERBORN: Members of GUAYKUCHO [Left-wing student group named after the Guaymi, Kuna, and Choco Indians]. Accused by [former Colonel Roberto] Diaz Herrera of receiving—along with RAMIRO GUERRA (lawyer of the IRHE labor union)—bags of money at the FDP headquarters."

Papa Egoro Leader Denies Ties With Communists

PA0605004494 Panama City Circuito RPC Television in Spanish 2300 GMT 4 May 94

[From the "RPC Television News" newscast]

[Text] Ricardo Ledezma, a member of Ruben Blades' campaign committee, has stressed that the leadership of

the Papa Egoro Movement [MPE] is not under communist influence, nor does it maintain any type of relationship with Fidel Castro's Cuban Government.

Leo Gonzalez, a legislator for Molirena [Nationalist Liberal Republican Movement] stated that Fidel Castro's regime is allegedly coordinating and providing logistical support for members of the PRD [Democratic Revolutionary Party] and PRD dissidents who joined the MPE. Gonzalez says he has sent documents attesting to this to Foreign Minister Jose Raul Mulino for verification and for an investigation. Thus far, the Foreign Ministry has said nothing.

Meanwhile, Ricardo Ledezma said the accusations are unfounded.

[Begin recording] [Ledezma] An accusation is filed when there is proof to confirm the accusation. We believe these accusations are irresponsible, particularly in the final stages of the electoral period. We are in the final week of an electoral period that has been rather calm. It is dangerous to make accusations like these without clear evidence.

[Unidentified reporter] MPE has not had contact with Cuba or any Cubans during this election?

[Ledezma, laughing] No, there has been no contact. I have a couple of Cuban friends who have resided in Panama for many years.

[Reporter] Mr. Ledezma, there have been reports suggesting that the Italian Communist Party's flag is very similar to the MPE's.

[Ledezma] That is another example of manipulation. It is obvious this is a campaign orchestrated by the traditional political parties to prevent the triumph of decency in these elections. That is obvious. These matters are highly manipulated. Take for example the flag issue; the fact there are trees in the Communist Party's flag and our flag is insignificant. It is as if I took the flag of any other political party and associated it with 1,000 symbols that exist in this world only because they have the same colors or similar elements. In other words, this is so childish that the people can clearly see it is a smear campaign. [end recording]

Roundup of Electoral Developments

PA0505212794

[Editorial Report] The following is a compilation of reports on developments related to the Panamanian elections scheduled for 8 May 1994.

Mireya Moscoso de Gruber, presidential candidate for the Arnulfist Party (PA), said on 26 April that the constitutional articles on the creation and functions of the defunct Panama Defense Forces must be amended. De Gruber visited Betania Corregimiento on the morning of 26 April and stated: "When the president tried to reform the Constitution, various legislators erroneously tried to modify several articles. That is why the Panamanian people rejected the constitutional reforms." (Panama City Circuito RPC Television in Spanish 2300 GMT 26 Apr 94)

Ruben Blades, presidential candidate of the Papa Egoro Movement, MPE, said that the polls indicate he is tied for first place with Democratic Revolutionary Party, PRD, candidate Ernesto Perez Balladares. Regarding support for him in the interior, Blades stated: "I think we have more support in the interior than is reflected in the polls." MPE slate members said as part of their government program that no public employees will be dismissed. (Panama City Circuito RPC Television in Spanish 2300 GMT 28 Apr 94)

Government Minister Jacobo Salas said that the president guaranteed that the 8 May elections will be free. Salas explained that "violence will not be tolerated, regardless of where it comes from." Regarding the decree banning weapons sales, Salas said it will remain in effect until 31 March. The minister stressed that "it is the president's desire to hold free elections in which violence—we are confident there will not be any violence—must be repressed, regardless of where it originates." (Panama City EL SIGLO in Spanish 28 Apr 94 p 10)

Transportation sectors have endorsed the Democratic Alliance slate led by Mireya Moscoso de Gruber. Some 52 taxi drivers' organizations in Panama Province met in a Panama City hotel to endorse the candidacy of PA presidential candidate Mireya Moscoso de Gruber. The transportation workers delivered Mrs. De Gruber a list of proposals to modify Law 14 regulating transportation. De Gruber promised to meet the transportation workers' requests and said: "When we are at the presidency, you will have a friend more than a president. You will advise me on how my government can work better for all of you." (Panama City Circuito RPC Television in Spanish 2300 GMT 29 Apr 94)

On the evening of 3 May, PRD presidential candidate Ernesto Perez Balladares met with farmers from Chiriqui Province in Boquete. Perez Balladares addressed farmers on the need to improve roads in production areas, erroneous government agricultural policy, and falling coffee prices. He told producers he will establish "adequate protection for the agricultural sector for crops such as potatoes, rice, beans, corn, and sorghum." (Panama City LA ESTRELLA DE PANAMA 5 May 94 p B7)

Legislator Charges Cuba 'Meddling' in Elections

PA0405194294 Panama City LA PRENSA in Spanish 4 May 94 p 1

[Article by Orlando Mendiate]

[Text] Legislator Leo Gonzalez, vice president of the Legislative Assembly's Drug Affairs Committee, charged yesterday that Fidel Castro's regime is "meddling" in the

Panamanian electoral process to favor and support the Democratic Revolutionary Party (PRD).

Gonzalez, who delivered some very compromising documents to Foreign Minister Jose Mulino, said that he received these documents on Sunday from a reliable source who has never failed him with information on drugs and narcotics trafficking. Gonzalez preferred to withhold the name, as this is very delicate information. According to Gonzalez, who did not disclose the full contents of the documents, there is information on high-ranking PRD leaders traveling to Cuba to meet allegedly with political and government figures of that island.

These persons—Gonzalez added—include PRD Secretary General Michel Doens, who traveled to Cuba at least five times between 1992 and 1993. Also included on the list are Ramiro Vasquez Chambonet, Nils Castro, and Luis Gomez.

The documents include a letter dated 12 January 1994 on the letterhead of Roberto Infante, acting Cuban consul in Panama, addressed to Cuban Foreign Minister. In this letter, the Cuban consul tells the Cuban foreign minister that he held meetings with "the boys from the eleven" [a reference to the PRD's flag], allegedly from the PRD. Infante told Robaina that in Panama "everything is progressing according to the strategy of the People to Power" [a reference to the PRD's campaign slogan], adding that everything is being done according to his instructions, and—best yet—to his wishes.

"The atmosphere is favorable to our friends, and the polls show it. Once again, we reiterated our solidarity and unconditional support," says Infante's note to Robaina. Infante added that an "expert from the eleven" will visit him and explain further on the advice and technical assistance they will need for the next game, that is, the 8 May elections.

"With regard to comments, I believe everything can be summarized in only one remark: The bull [reference to PRD candidate Ernesto Perez Balladares] is in charge of this farm," Infante says, adding that the necessary peons have been provided so that there will not be any interruptions in the scheduled activities.

Gonzalez, who is seeking reelection on the Morena Party [National Renewal Movement] ticket, said that he ha the documents that prove his charges, and he is waiting for Foreign Minister Mulino to verify the authenticity of the documents. Gonzalez added that members from the PRD Tendency faction and Papa Egoro Movement are taking trips to Cuba to coordinate logistics support for these parties from Cuba. "This is a communist country meddling in the Panamanian elections," he emphasized.

Meanwhile, Foreign Minister Mulino said that given the importance of the issue and the seriousness of the alleged charges, he has initiated a "very careful" investigation of the case. Mulino said that he will not make any comments until he has analyzed and read the documents Leo Gonzalez gave him. "I do not know what decision I will make," the foreign minister concluded.

Cuban Official Charges Document Fake

PA0505223894 Panama City ACAN in Spanish 2108 GMT 4 May 94

[Text] Panama City, 4 May (ACAN-EFE)—Miguel Martinez, charge d'affaires of the Cuban Embassy, stated today that the document on which a legislator based his accusation that Fidel Castro's government is meddling in Panama's domestic affairs is counterfeit.

The Cuban diplomat, who is his government's top representative in Panama, stated at a news conference that the document on which legislator Leo Gonzalez based his charges is "counterfeit, spurious, and prefabricated."

Martinez noted that the bogus document, which reached the Cuban Embassy through "a friendly Panamanian," was delivered by him on 25 April to Panamanian Deputy Foreign Minister Carlos Cordero. He warned Cordero about the possibility that it might be used as part of "a disinformation campaign."

The document links ranking members of the Democratic Revolutionary Party (PRD) and members of the Papa Egoro Movement with operations to exchange drugs for weapons in Cuba, legislator Gonzalez revealed.

Spokesmen for both parties noted that Gonzalez's charges are the result of his low vote expectations in the upcoming election, in which he is up for reelection and, according to political polls, could very well lose.

The Cuban charge d'affaires noted today that the document features forged signatures of Cuban Foreign Minister Roberto Robaina; Panamanian Consul Robert Infante; and Hector Hernandez Pardo, director of the Superior Institute of Foreign Relations of Cuba.

To enable reporters to confirm the forged signatures, he showed them official Foreign Ministry documents with the signatures of the officials, which were different from those contained in the controversial document.

"They do not match. They have been altered and forged," Martinez said, insisting that the Cuban Embassy "wants to resolve this matter."

"We have been and will continue to be objective, and we do not meddle in Panama's domestic affairs," the diplomat stated, describing as "irresponsible" the manipulation of such an "extremely delicate" issue that could affect relations between two states.

Miguel Martinez explained that the "counterfeit documents" were available months ago in the Panamanian capital, and he added that people whose identity he did not know were asking up to $20,000 to sell them.

Since the U.S. Army invasion on 20 December 1989, relations between Cuba and Panama have been maintained at a nominal level without any diplomatic representative at embassy level.

PRD Official Denies Party Linked to Cuba

PA0505223694 Panama City Telemetro Television Network in Spanish 1730 GMT 4 May 94

[From the "Telemetro Reports" newscast]

[Text] PRD [Democratic Revolutionary Party] Secretary General Mitchel Doens has denied reports that his party is receiving support from the Cuban Government, as claimed by Molirena [Nationalist Liberal Republican Movement] legislator Leo Gonzalez. Doens said PRD members had previous knowledge about the document Gonzalez presented, which Doens described as a political gambit, and he announced that he will file slander complaints against the Molirena legislator in the Peace and Justice Commission and in the Electoral Tribunal.

[Begin Doens recording] The only thing I can say is that Mr. Gonzalez is a mouse who got caught in his own trap. A few weeks ago, we had this document in our possession because a friend in the government gave it to us. We immediately wrote a letter to the Justice and Peace Commission and delivered it to commission member Ms. Irene Perurena with the document Mr. Gonzalez yesterday brought to the Foreign Ministry.

Earlier, we talked with a top Cuban Embassy official to have him explain that document to us. We found the document to be completely false, considering it contains seven mistakes, including forged signatures of the officials who are allegedly in charge of directions at the Cuban Embassy and in Cuba.

Later, Cuban Charge d'Affaires Miguel Martinez delivered this document to the Foreign Ministry, before Mr. Gonzalez did, precisely because of the implications this could have on his diplomatic mission in the country. We can categorically say this is a political gambit that is part of the dirty propaganda tactics being used against our party. [end recording]

Police Seize 900-kg of Cocaine

PA0505163494 Panama City ACAN in Spanish 2239 GMT 4 May 94

[Text] Panama City, 4 May (ACAN-EFE)—The Panamanian police confiscated from the "Cali Cartel" 900 kg of cocaine worth $36 million. The cocaine was going to be sent by land to Guatemala for shipment to the United States.

Idelfonso Suira, head of criminal investigations of the Judicial Technical Police (PTJ), confirmed today in a news conference the arrest of six Panamanians, four Colombians, and one Peruvian linked to the drug shipment, one of the country's largest. Authorities did not release the names of the persons arrested and who were placed in the custody of the Attorney General's Office. The authorities did say that the drugs belonged to the international gang known as the "Cali Cartel," because it is based in that Colombian city.

Suira said that the drugs, wrapped in red, yellow, and green 1-kg packages, were seized in an auto repair shop in Panama City. The repair shop was preparing a false bottom in a vehicle to be used to take the cocaine to Guatemala.

The General Customs Directorate (DGA) reported that during the four years of President Guillermo Endara's mandate, the DGA alone seized more than 4.5 tons of drugs worth $230.7 million and 312 persons of various nationalities were arrested, 98 of them women. Some of the largest cocaine shipments, amounting to several hundred kg, have been seized in the Colon Free Zone, one of Latin America's largest free zones. Panama's security organizations publicly pledged not to allow the Colombian mafia or guerrillas to plant coca leaves in Panamanian territory, which, together with drug trafficking to U.S. markets, has become another threat to the country.

Last month brought to a close a long joint operation in Panama with the assistance of Colombia and the United States, in which several plantations in the Darien jungle in southern Panama were destroyed. The United States has warned of drug traffickers' interest in Panama due to its free zone, international banking center, and permissive corporate laws. Nevertheless, U.S. Government drug "Czar" Lee Brown, responsible for fighting drugs, said that the current Panamanian civilian government in 18 months has seized more drugs than during the 20 years of military dictatorship. In 1993, nearly 4 tons of drugs were seized in Panama, mostly cocaine from Colombia, while in the two preceding years a total of only 3 tons were seized.

Major Jose Rosas, director of the National Maritime Service (SMN), told ACAN-EFE that drug trafficking activity in Panama has dropped since 1993, at least with regards to maritime surveillance. In 1992, he said, packets of cocaine that were dropped into the sea from night flights fell like rain on Panamanian coasts. The increase in drug trafficking led the government to authorize the construction of several naval bases to resupply SMN patrol boats, both in the Gulf of Panama as well as in the western area bordering Costa Rica.

Argentina

Menem Vows To Lobby for Patent Law in Congress

PY0505114894 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0034 GMT 5 May 94

[Text] Buenos Aires, 4 May (NA)—President Carlos Menem today expressed optimism that the Argentine Congress will approve the law on pharmaceutical patents and thus avoid U.S. economic sanctions, but he made it clear that "we will not take a drastic position" over any congressional delay in approving it.

Menem noted: "One could either follow the European or the Brazilian models," adding: "One must not forget that the United States is not acting in the world alone, it is part of an interdependent world."

He noted that Washington is engaged in "the NAFTA process, which seeks to promote free trade, while we are within Mercosur [Common Market of the South]." He said there are many options available as far as approving this law is concerned.

Menem said: "We are committed to lobbying for the proposal, but we are not going to force lawmakers."

In remarks during the program "Controversy at the Bar," Menem joked with the actors and told producer Gerardo Sofovich that if he expected the president to defend him against the "aggressions" of his colleagues, he will have to pay him his "fees as an attorney."

Menem also described as "simple rumors" reports of federal government intervention in the Buenos Aires City Council and in the Tucuman Province Legislature. He also denied charges that he only grants interviews to "journalists who are my friends."

Slovene Foreign Minister Arrives, Signs Accord

PY0505224494 Buenos Aires PAGINA/12 in Spanish 5 May 94 p 6

[Text] Argentina and the Republic of Slovenia signed on 4 May a bilateral agreement on cultural cooperation that will be retroactive to the date diplomatic relations were established, in April 1992. The agreement, which establishes the implementation mechanisms for cooperation and exchange in the spheres of culture, science, and education, was signed during the course of a ceremony that was held in San Martin Palace with the participation of Foreign Minister Guido Di Tella and Slovene Foreign Minister Lojze Peterle. This was Peterle's first activity after having arrived in the country. Today he is scheduled to meet with President Carlos Menem, and he will afterwards visit Congress, where he will meet with Justicialist Party Senator Luis Rubeo.

Menem: Arsenal Might Have Been Used Against Him

PY0505163094 Buenos Aires CLARIN in Spanish 4 May 94 p 11

[Excerpts] In a surprising interpretation of the case involving the finding of an arsenal in Buenos Aires Province's delta region, President Carlos Menem yesterday admitted that his life could have been in danger because he sometimes spends weekends on an island owned by Mario Falak, a friend of his, not far from where the arsenal was found. [passage omitted]

The government has minimized the possibility of an ultra-rightist terrorist organization from the very beginning.

The police have only charged Alejandro Suchsdorf, owner of the premises where the arsenal was found. Also involved in the case was Marcelo Schetino, driver and guard of Military Household Chief General Jorge Rearte.

Rearte is in charge of Menem's security. He said Schetino's record is unblemished. The justice department could not indict Schetino in this case and released him. Schetino, however, was arrested again when Susana Louzao accused him of having kidnapped her four years ago.

Menem said Schetino "confessed—or at least suggested—that the resources were part of the painted faced [carapintada] cause." He added: "The police are investigating" whether this individual is connected in any way with "those responsible for blowing up the Israeli Embassy."

"When the arsenal was discovered and I said that perhaps the carapintada rebels were involved, the people almost lynched me. We must thoroughly investigate because the arsenal was discovered on a stream that leads to a house of Mario Falak, a friend of mine," Menem said. [passage omitted]

The president told Radio America reporters that you can travel to the delta zone "by helicopter or boat," adding that "he (Sucksdorf) had missiles that could blow up a helicopter or a boat—or even the president." [passage omitted].

Government Supports Tucuman Governor Ortega

PY0505192794 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1228 GMT 4 May 94

[Text] Buenos Aires, 4 May (NA)—Reliable official sources have indicated that, during a meeting with Economy Minister Domingo Cavallo and Presidential Secretary General Eduardo Bauza, Tucuman Governor Ramon "Palito" Ortega allegedly tendered his resignation due to serious disagreements between him and the ruling-party's bloc in the provincial congress.

Government officials calmed the provincial governor, confirming their support for his government actions and promising that they would seek a solution to the crisis as

last night similar reports noted that top-level government circles were drawing up a decree on the intervention of the Tucuman congress.

Official sources unofficially reported that Justicialist Party [PJ] provincial legislators have been urgently summoned to the federal capital to meet government officials within the next few hours at Government House to seek a "political solution" before implementing a federal solution.

Ortega yesterday received the support of President Carlos Menem and that of his high-ranking government officials over the "worrisome" opposition to his actions by the Tucuman PJ deputies.

Menem said: "We shall see what can be done, but the people have elected them to legislate and not to block the actions of those who are governing, as is happening in Tucuman."

Strongly supporting Ortega, Menem challenged: "It seems the vice governor Julio Diaz Lozano very strongly opposes the governor."

Government Convenes Constituent Assembly for 25 May

PY0505155394 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1202 GMT 5 May 94

[Text] Buenos Aires, 5 May (NA)—The PEN [National Executive Branch] has announced that the Constituent Convention will meet as of 0900 [1200 GMT] on 25 May. The executive branch asked the Entre Rios provincial government "to make all necessary arrangements for the meeting."

The call comes in Decree 657, which was published yesterday in the Official Gazette. The decree calls on "Constituent Assembly members elected on 10 April to meet in Parana, Entre Rios Province, at 0900 on 25 May 1994."

The decree is signed by President Carlos Menem and Interior Minister Carlos Ruckauf. It states that the call follows Law 24309, which establishes that the Convention must open within 60 days of the election.

The decree adds that the law declaring the need for reforming the Constitution "establishes that the Chamber of Deputies' internal regulation will regulate the Convention's operation" and that "due to the importance of the event, the opening date—25 May—grants the occasion the necessary solemnity and importance because it coincides with another anniversary of our independence."

Cordoba Governor on Future of Radical Civic Union

PY0505223194 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1459 GMT 5 May 94

[Excerpts] Buenos Aires, 5 May (NA)—Cordoba Governor Eduardo Angeloz on 5 May denied that Senator Fernando de la Rua had rejected the proposal to join a UCR [Radical Civic Union] Political Action Commission, and stated that Raul Alfonsin's party "is, for the time being, not in a position to attain power."

Angeloz stated that "nobody has rejected the idea of sitting down around a table to discuss the UCR's future," although he acknowledged that "everyone is trying to talk it over with friends, and with the other members of their faction."

He added: "De la Rua asked for more information, more details. I told him all I could, and next week we will probably continue the conversation we started this week." [passage omitted]

Angeloz also denied having considered the possibility of becoming the UCR's presidential candidate for next year. He asked "what is the point of a ticket if the appropriate tool, that is, the party, has not been sharpened?"

He added that it is "much too early" to talk about an electoral alliance between the UCR and the Grand Front for the upcoming presidential elections.

"The Constituent Assembly is the first step that we must take to find out when the incumbent president will step down, when the elections will be held, and what it is that the people want," he said.

He concluded that he was "absolutely sure" that the people's interests were "different" from those of the politicians, and urged the leaders to "understand and grasp" what it is that the people want.

Air Force Chief Praises Service During Ceremony

PY0505130194 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2108 GMT 4 May 94

[Text] Tandil, 4 May (NA)—Air Force Chief of Staff Brigadier General Juan Paulik today said that it is "inadmissible to judge or doubt" the Armed Forces' "function of maintaining national sovereignty."

He said this today at the Tandil air base, during the commemoration of the 12th anniversary of the Argentine Air Force's baptism of fire.

President Carlos Menem attended the ceremony accompanied by Army Commander Lieutenant General Martin Balza and several government officials.

During the ceremony to commemorate the Air Force's baptism of fire in 1982, Paulik said: "Man and his instruction will forever be the marrow of military organization," despite the "evolution of scientific and technological progress."

"Technological progress will be of little use if the military career, the will to serve, the esprit de corps, loyalty, and the total conviction of our role as members of the armed branch of the nation is downgraded," Paulik said.

He added: "The current moment poses serious questions regarding the Armed Forces" but he considered that it "inadmissible to doubt or judge the function of maintaining national sovereignty."

The ceremony was also attended by former Air Force commanders Carlos Alberto Rey, Omar Graffigna, and Arturo Lami Dozo, Military Affairs Secretary Jorge Baeza, and union leader Diego Ibanez.

Brig. Gen. Paulik said the Air Force "has not given up the supreme mandate of acting as part of the military instrument at the service of the objectives of the National Government."

Finally, the Air Force chief paid homage to the pilots who fought in the South Atlantic war, describing them as "true examples of the duty of all Argentines, not just a few, to defend the motherland."

Heavy Water Plant Shut Down Temporarily After Fire

PY0605000594 Buenos Aires LA PRENSA in Spanish 5 May 94 Section 1 p 12

[Excerpt] The heavy water plant located in Arroyito, Neuquen Province, the only one of its kind in the country, was shut down two days ago due to a fire that was quickly brought under control. There were no casualties. It is not yet known when the plant will be reactivated.

The fire, which occurred in a pipeline sector of the plant, has interrupted the long chemical process that will allow the plant to produce heavy water as of the beginning of 1996. Heavy water, which is used as a refrigerant for the turbines of nuclear plants, is currently being imported.

According to Fernando Huici, an engineer for the National Atomic Energy Commission (CNEA), the accident occurred due to "the failure of a support holding up part of a pipeline carrying a synthesis gas made up of hydrogen and nitrogen."

The official said "this gas, which has a temperature of 600 degrees centigrade, ignites when it comes into contact with the atmosphere, and what we call the "blowtorch effect" occurred—in other words, a small fire."

After stating that the plant's security has not been affected, Huici indicated that the plant's management has called in the Toese Company of Denmark, which installed the system, to carry out an inspection.

Although the official believed that "the plant will be running again" within the next few days, he lamented the interruption of the operation. "We were at a very important stage in the process," he said. [passage omitted]

Roundup of Economic Reports

PY0505204994

[Editorial Report] The following is a compilation of reports on economic activities monitored through 5 May.

Central Bank President Roque Fernandez admitted today that local banks lost 5 percent of their capital because the prices of government securities on the international markets plummeted. Fernandez confirmed that Central Bank reserves total about $16 billion. (Buenos Aires NOTICIAS ARGENTINAS in Spanish 2208 GMT 21 Apr 94)

The Economy Ministry has reported that the government's primary surplus totaled 707.7 million pesos in the first quarter of the year. This sum is 217.3 million short of the targets established by the IMF for that quarter. (Buenos Aires NOTICIAS ARGENTINAS in Spanish 2128 GMT 29 Apr 94)

A Latin American Economic Research Foundation report notes that during the first quarter the industrial production rate grew 6.4 percent. (Buenos Aires LA PRENSA in Spanish 30 Apr 94 Section 1 p 6)

Inflation for the year ended April 30 will be "slightly above 4 percent," Economy Minister Domingo Cavallo said yesterday. As to the retail price index in April, Cavallo's statement indicates that consumer prices last month went up around 0.3 percent. (Buenos Aires BUENOS AIRES HERALD in English 4 May 94 p 5)

In a communique, the state-owned Electricite de France (EDF) company announced that it had won a bid on the Rio Diamante hydroelectric complex in Argentina. This bid is part of Argentina's privatization drive in the electric production field. EDF joined an Argentine bank, the Bank of Galicia, for this bid. EDF's bid totaled $32 million. EDF will hold 51 percent of the shares of the concessionary company. (Buenos Aires NOTICIAS ARGENTINAS in Spanish 1459 GMT 5 Apr 94)

Bolivia

Government Threatens To Break Off Talks With COB

PY0505124494 Madrid EFE in Spanish 1836 GMT 4 May 94

[Excerpts] La Paz, 4 May (EFE)—Five dead, eight wounded, and several "missing" is the preliminary result of the last four days of social conflict in the confrontation between the government and the Bolivian Labor Federation (COB) who, backed by peasants, partially paralyzed the country with the blockade of roads seven days ago.

The talks between the government and the COB made great progress early this morning but later the rupture seemed imminent as a result of the insults against

President Gonzalo Sanchez de Lozada by peasant leader Evo Morales during the negotiations.

"If Morales does not apologize" to the president "we will break off the negotiations" said Government Minister German Quiroga at Government House.

Meanwhile, the environment of violence in the rural area between the peasants who blockade roads and the passengers who want to get to their destination reached its highest peak when a group of peasants apparently caused a bus to fall into a 500-meter cliff killing three people and wounding six.

Cochabamba Police Commander Mario Nunez said the bus accident that took place near Independencia is being investigated to find out who is responsible for it. [passage omitted]

Peasant Hilarion Mamani was killed by a bullet on 30 April in a confusing incident during a blockade of the road from Potosi to Sucre. The peasants asserted that an armed group of civilians broke up the blockade with shots and tear gas but the government denies any participation.

The peasant leaders of Potosi Department said that today they will march to Potosi to request the release of the peasants under arrest and to enquire about those missing.

Felix Santos, executive secretary of the General Trade Union Confederation of Peasant Workers of Bolivia (CSUTCB), said the whereabouts of about 12 peasants of Potosi is unknown.

Another unidentified individual died during a clash between peasants who closed the road from Sucre to Cochabamba and a group of passengers desperate to get to their destination.

The Chuquisaca prefect (governor) admitted that some people were wounded but noted that no one reported any death during blockades in Chuquisaca Department, which is now isolated because of the official closure of roads and highways. [passage omitted]

Police Use Tear Gas To Disrupt Protest

PY0505202694 La Paz Radio Fides Network in Spanish 1100 GMT 5 May 94

[Text] COB [Bolivian Labor Federation] members yesterday staged a protest demonstration in downtown Sucre. The demonstration, which was followed by a rally held at 25 Mayo Square, harshly criticized the government.

[Begin unidentified union leader recording] We want to repudiate the attitude of government officials in Potosi who fired shots at fellow peasants [words indistinct] as a result of which two peasants, one journalist and one union leader were seriously injured. [end recording]

Later the demonstrators headed for the police precinct building where they demanded the release of student leader Panfilo Lora. A clash almost ensued and this compelled the police to use tear gas to disperse the demonstrations. Here is what the local police commander said.

[Begin police commander recording] In view of the aggressive attitude adopted by the demonstrators, we had no other alternative than to restore order. [end recording]

After this incident, student leader Panfilo Lora was released.

[Begin Panfilo Lora recording] I was held incommunicado for five days, which is in open violation of the law.

Father Mauricio Tocardif, the general director of the Accion Cultural Loyola, has demanded that Bolivian officials conduct a full investigation into the death of reputed journalist Francisco Cruz, the organizer of the Hazlo Potosi program.

[Begin Tocardif recording] All sectors with the law in hand, must clarify this situation, find those guilty, and let the law decide what should be done. No one should take justice into his own hands nor adopt violent attitudes that do not lead to any positive or useful solutions. [end recording]

The government has reported that Potosi peasant Hilarion Mamani was killed by shots fired by a .22 caliber revolver which is not the type gun used by either the police or Armed Forces.

The official government report states that Mamani was killed during a clash among those setting up roadblocks.

Mourning for Peasant, Journalist Deaths

PY0505191894 La Paz Radio Fides Network in Spanish 1100 GMT 5 May 94

[Report from Potosi]

[Text] The Potosi Civic Committee has decreed mourning at the departmental level and suspended all activities in view of the death of another peasant. After an exhaustive debate, the Potosi Civic Committee board last night decided to demand that the government investigates the violent incidents against peasants. They also demand that legislators summon the Justice and Peace Committee, and that the congressional human rights committee send representatives to Potosi to investigate the killings of two peasants. Moreover, people fear the fate of 11 peasants who have been reported missing.

In view of this, mourning has been decreed at the departmental level and all activities have been suspended. The Civic Committee also summoned all citizens to attend the funeral procession today at 1600 at the general cemetery.

Peasant leaders also reported that peasants will march on the city. Cristobal Quiri, leader of the Potosi branch of General Trade Union Confederation of Bolivian Peasant Workers [CSUTCB], reported that peasants marching on the city will be arriving today at 1000 to demand the release of those arrested and to clarify the situation of the missing.

Francisco Cruz was one of those reported missing. He was found dead at the local morgue. The police found his body in a garbage dump in (Pacla-Pacla). Cruz's body shows signs of torture. Francisco Cruz was a member of a journalist union in his capacity as reporter [words indistinct]. In view of this, journalists have asked officials to perform an autopsy which will be performed today at 0800 at the general cemetery. Journalists will later stage a demonstration to protest over the constant harassments to which they are subjected at the hand of government repressive organizations, seeking to involve them in terrorism and rebellion.

The police found an unidentified body at a garbage dump. An anonymous call placed through the 110 telephone number reported the presence of an unidentified male body at a garbage dump. The forensic doctor determined the man died from alcohol intoxication.

Potosi Police Commander Colonel Roberto Foronda Franco said:

[Begin recording] [Forondo Franco] (?The body was not removed today) but on 1 May. At the time Forensic Doctor Ramiro Ruiz established that an unidentified male, about 35 years old, had died of alcoholic intoxication (?after he had) fallen off a cliff. It is presumed the man died about three days ago, that is, on 29 April.

After the local settlers informed the police, the police precinct sent [words indistinct] and the forensic doctor went to the site to remove the body.

[Unidentified reporter] What was the precise location of this incident?

[Forondo Franco] First of all I must specify that this [words indistinct] 72 hours before the police intervention. The body was removed from a large city garbage dump, about 5 km (?from the city) at a place called (Pacla Pacla) [words indistinct]. [end recording]

According to CSUTCB leaders, the unidentified body is that of Francisco Cruz.

Government, COB Achieve Agreement

PY0505172994 La Paz Radio Fides Network in Spanish 1100 GMT 5 May 94

[Excerpts] The Bolivian Labor Federation [COB] and the government reached agreement before dawn today. The only pending issue is the approval by the COB plenum meeting of the agreement sometime this morning. This means roadblocks will be lifted. This agreement must still be approved by the COB, the top-ranking Bolivian union central. We hope this decision will be made by noon today. Nevertheless, the final agreement was signed before dawn today. We will be confirming this report carried by the FIDES and JHATA news agencies. The following is a report by Nicolas [not further identified]:

[Nicolas] COB-government negotiations continue despite several stumbling blocks in solving the workers' demands and thus ending the social conflict. At 1930 yesterday, negotiations were suspended and a possible rupture seemed imminent following criticism by the executive branch against Coca Farmers leader Evo Morales [as heard] who said:

[Begin Morales recording] However, [words indistinct] when peasants are blocking roads, and workers are fasting and on the streets protesting against the government [words indistinct] on their day, 1 of May, the president was on vacation. This is all very fine, but he should have been heeding the problems of the working class on 1 May, Labor Day [passage indistinct] [end recording]

This term annoyed the executive branch very much. Government Minister German Quiroga stated that if Evo Morales did not withdraw his statement negotiations would be suspended. This prompted a reaction from labor leaders like Mine Workers Union leader Edgar Ramirez who said it was another way by the government to continue delaying negotiations.

[Begin Ramirez recording] The government has all along tried to win more time to surely adopt some measures. In the middle of an agenda on mining issues, the government suddenly asked Comrade Evo Morales to withdraw a statement he made yesterday. [end recording]

In view of this, the COB plenum summoned for 1500 yesterday was suspended until 0900 today.

As time passed, amid some confusion, the COB and Evo Morales sent a letter to the executive branch in which the coca farmers leader excuses himself and explains his statement. [passage omitted]

The letter was handed to the executive branch. In view of an almost unofficial excuse, the COB and the government resumed negotiations at 1930 to define some pending issues including the approval by coca farmers of the establishment of a ministerial committee on coca industrialization. [passage omitted]

It is expected the COB plenum meeting will solve the social conflict unleashed three weeks ago.

[Studio announcer] Here is a report by Jaime Murillo with Peasant Leader Felix Santos. The roadblocks must be lifted gradually.

[Murillo] COB leaders and government officials before dawn today signed some important documents. This

means that the social problem currently affecting the country is about to be solved. I will now speak by phone with Felix Santos, a high-ranking leader of the National Confederation of Bolivian Peasant Workers [CNTCB]. He will give us a more detailed report. Good morning.

[Santos] Good morning to all Radio Fides listeners. We want to explain what is happening to all our comrades and to all those who are blocking roads.

Today at 0416 we solved all the issues raised by (?each member of) the confederation. In view of this, different CNTCB commissions have been dispatched to Chapare, Potosi, Chuquisaca, and Santa Cruz. They will be arriving at about 1030 today. These commissions have been instructed to inform the local CNTCB boards so that they may decide (?whether or not to lift) roadblocks. A solution will be achieved possibly by noon today. This was decided in this last-minute meeting between the COB, the government and the CNTCB. Agreement was reached during this meeting. However, until this decision is approved we will continue the roadblocks. According to reports I have, we will be in permanent contact with the grass roots to explain this agreement. The grass roots will be contacted to explain this agreement and the conflict will be solved. [passage omitted]

[Murillo] You have said the CNTCB executive board met after signing an agreement with the government. Does this mean the peasants support the agreement and the roadblocks will be lifted as of noon today?

[Santos] This will be done after we have contacted our grass roots. We have signed an agreement among coca producers and another understanding on the Potosi issue. [passage omitted]

Once the grass roots have discussed these agreements, they will inform their decision to COB by noon. Meanwhile, the roadblocks continue.

[Murillo] Have you discussed the deaths of some peasants with the government?

[Santos] Yes, a high-level commission has been established to investigate these killing and its members will be going to the sites later today. The commission comprises representatives from the Chamber of Deputies constitutional committee, legislators, human rights organizations, [words indistinct], the COB, the government minister and the CNTCB. This commission will go to Potosi to investigate. [passage omitted]

Government, Coca Growers Reach Accord

PY0505225894 La Paz Television Nacional Network in Spanish 1700 GMT 5 May 94

[Text] After several weeks of negotiations, the government and coca growers have finally reached an agreement.

According to coca grower leaders, 80 percent of their demands will be honored with the signature of the agreements at dawn today. It is hoped, however, that these agreements will indeed be put into practice.

The negotiations with the government have resulted in one decree and two ministry resolutions. The decree establishes the equal participation of coca growers in the National Development Fund, Fonaral. One of the resolutions provides for the compulsory eradication only of new plantations; the second resolution, to be implemented immediately, provides for the open marketing and industrialization of coca leaf. The peasants, in exchange, have agreed to lift the road blockades. [recorded passage indistinct]

This morning the coca grower leaders traveled to El Chapare and the coca production areas to announce the agreement reached with the government and to suspend the pressure tactics, such as road blockades, adopted by the peasants.

COB To Assess Government Offer

PY0505234694 La Paz Television Nacional Network in Spanish 1700 GMT 5 May 94

[Text] Although some sectors have reached an agreement with the government, the Bolivian Labor Federation [COB] says that there are still several pending issues.

The COB's nationwide meeting was supposed to continue today with the purpose of assessing the government's last salary increase offer, among other issues. However, at the request of the miners' confederation, who want to negotiate their demands with the government first, the meeting was postponed until tomorrow.

This morning the COB leaders said the agreement signed between the government and the coca growers does not mean that everything has been solved. The blockades have been lifted, but the hunger strikers continue their measures. Still pending are 11 missing peasants, two deaths, 20 rural teachers under arrest, the miners' demands, and the request for a salary hike.

The COB has still not answered the latest offer by the government of a 9 percent salary increase. [recorded passage indistinct]

Although some sectors have accepted the government's offer, such as the health workers, the COB, during its meeting tomorrow, will continue to assess the 9 percent salary hike offered by the government.

La Paz teachers have organized a protest rally for this afternoon to demand the release of the 20 rural teachers under arrest.

Energy Official on Gas Pipelines, Privatization

94SM0326A La Paz PRESENCIA in Spanish 25 Mar 94 p 2

[Interview with Carlos Miranda, national secretary of energy; place and date not given; first three paragraphs are PRESENCIA introduction]

[Excerpts] Confident that Bolivia's geography offers great advantages for natural gas, National Secretary of Energy Carlos Miranda is enthusiastic about converting Bolivia into a center to supply gas to Latin America's southern cone for the next 50 years.

Not only is he responsible for hydrocarbons, but also electricity and other energy sources, like wind and solar power, which he believes should be the ones Bolivia uses most in the future.

At the same time, he is preparing to begin the process of privatizing the companies in this sector: YPFB [Bolivian Government Oil Deposits] and ENDE [National Electricity Enterprise]; to continue negotiations to build the gas pipeline to Brazil; to oversee compliance of the accords with Argentina; and to analyze the possibilities of selling gas to Paraguay and Chile. [passage omitted]

Gas Routes

[PRESENCIA] You have been one of the promoters of the project to convert Bolivia into a center for supplying gas to the Southern Cone. What is that project based on?

[Miranda] The vision that we have (I can no longer say that I have, for it seems that everybody has adopted this view) is that for natural gas, our geographic position in the center of the continent is an advantage. We are a sort of Latin American Tibet. To the west lie the Andes, a formidable barrier; to the north and east, the great green barrier of the Amazon forests; and to the south, thousands of kilometers of pampas. And we are right in the middle.

While we have blamed a large part of our troubles on this landlocked position, I believe we have a special edge for natural gas because on both coasts—that is, toward the Atlantic and the Pacific—we have two neighbors with structural energy shortages, which means that they are not expected to be able to provide all the energy they need for their own consumption. To the south is Argentina, the third or fourth leading consumer of gas in the world, proportionally: 40 percent of the energy Argentina and Brazil consume is gas. So we have two large potential markets and one large real market to the south.

That is the origin of the concept that Bolivia may become a gas supply and distribution center, for we also have Peru with large gas deposits in Camisea. Let me repeat this: our geographic position and those markets, plus the availability of resources, make those prospects possible.

How is all this taking shape? We are starting with Brazil. PETROBRAS [Brazilian Petroleum Corporation] has submitted its engineering costs study to us.

[PRESENCIA] Is the engineering costs study for the gas pipeline from its border to Sao Paulo or does it include the entire pipeline?

[Miranda] It includes the entire pipeline. Actually, the study covers the gas pipeline for the Rio Grande (Santa Cruz)-Campinas-Sao Paulo-Curitiba-Porto Alegre line; this gas pipeline is not going to supply only Sao Paulo, but the entire Brazilian southeast. It opens up to us both the Sao Paulo market and the market in southern Brazil, its most productive area.

To the south, we have been supplying gas to Argentina for over 20 years. The result of our latest trip is that we now have a supplemental accord for hydrocarbons. We have worked out a great concept here: hydrocarbons and their by-products from Bolivia can flow to Argentina free of taxes and without any tariff or paratariff barriers, and vice versa. Our view is that while we are suppliers to Argentina, at some given moment we may also be purchasers from Argentina or transporters of Argentine gas to Brazil or other points.

[PRESENCIA] But by eliminating tariffs, are we not hurting ourselves, especially when acting as a distribution center?

[Miranda] No; we would be doing ourselves no favor if we put tariffs on gas that comes into Bolivia to be sent on to other markets. We want gas to flow through Bolivia "as fluidly as possible."

The gas pipeline system that we have now, as well as the projected system, are designed to create a large closed circuit on the Atlantic coast, where gas can flow in any direction.

[PRESENCIA] Give us an example of the advantages for Bolivia of transporting Argentine gas to Brazil.

[Miranda] Making maximum use of our infrastructure that has been built so that it can be expanded.

[PRESENCIA] Will a toll fee be charged?

[Miranda] Of course!

[PRESENCIA] Who will set the rates?

[Miranda] That will be determined at the precise time the operation is conducted. But such fees are a fully accepted practice all over the world. We also plan to go to Chile, and this gas from northern Argentina has to flow through Bolivia to enter Chile too. The Argentines are going to build a gas pipeline to Santiago. We plan to go to Antofagasta; it is my goal to have this circuit also completed by 2015 or 2020.

These are large markets; the gas will come from Bolivia's reserves, from northern Argentina, and from Comisea (Peru), and Bolivia will serve as the gas supply and distribution center.

[PRESENCIA] What does that mean in terms of volumes, dimensions, and money?

[Miranda] With what we have now, by using 3.4 trillion we can supply Brazil with 560 million cubic feet of gas per day. That means that if we have 10 times more, we can supply the entire system, in the long term, with 5.6 billion cubic feet a day.

[PRESENCIA] With our own reserves?

[Miranda] With our own reserves.

[PRESENCIA] What does that represent in time?

[Miranda] It will mean 20 uninterrupted years, and with the Bolivian reserves that may come to 33. If we add the reserves from northern Argentina in this integrated system, plus the Camisea reserves, we are talking about a gas pipeline system that could handle about 50 trillion cubic feet a day for 20 to 50 years.

[PRESENCIA] What does this mean in terms of money?

[Miranda] We are getting into some very special calculations and speculations. We will say the following: the 215 million cubic feet that we now send to Argentina represents $100 million in revenues a year. So right away the Brazilian business will be more than $250 million a year. The problem is determining how much gas will cost in the long term. But at constant prices, we are talking about eight times what we can send to Brazil, that is $1.6 billion a year in 20 years, in a gradual process that will continue to grow.

Let us not forget that gas is the fossil fuel of the 21st century. The data show that everybody is trying to move as much toward gas as possible, because it is the least polluting fuel. Moreover, it has a stable and permanent supply.

To recap these ideas: our geographic position with markets around us, and natural resources in and near Bolivia (northern Argentina and Peru) make it possible to plan this large network, and in very conservative figures, we are speaking of this order of magnitude.

[PRESENCIA] Geologically, what will happen when this energy supply comes to an end? Will it be necessary to change the energy matrix?

[Miranda] Yes, but that is at least 50 years in the future. What happens to the other energy sources? That is why I speak of gas fundamentally as energy for export, for our most abundant resource is hydroelectric power. We should export gas and generate our own energy hydroelectrically to the greatest extent possible.

Let me point out that along with this gas production, we estimate that while we have 22 trillion cubic feet of gas still remaining to be discovered in the country, we estimate that we also have about 4 billion barrels of petroleum, so I am talking about another 40 to 50 years of petroleum as well.

We should not address the problem by asking what will happen when our petroleum or gas are depleted, for we are talking about a time frame of at least 50 years. That same situation is true all over the world. Everything now known about hydrocarbon reserves and consumption on a global level shows that up to 2040 the figure is certain. From that point forward it is very difficult to foresee.

The image of a nonrenewable resource that is going to come to an end is relative, for at the same time a number of substitutes have to come in. Work is being done on other fuels like hydrogen, and others are being sought. But right now, in global terms, the world remains dependent on hydrocarbons as its great energy source, and in national terms, we are in the same position and have a horizon similar to the world position, perhaps a tiny bit beyond that.

Gas Pipeline Being Built

[PRESENCIA] How are negotiations going for gas sales to Brazil?

[Miranda] This is the situation now. First, PETROBRAS has defined how it wants to bring the entire project to Porto Alegre. A very detailed engineering cost study has been received and the general feeling that we have, that they gave us, is that despite the World Bank's objections, the gas pipeline, first of all, is Latin America's biggest energy project, and that is extremely important. Second, it has such appeal to any investor that they are sure that despite the World Bank's objections, financing will be arranged at terms that are acceptable for the investor and for us (the producers and consumers).

Obviously, it would be easier with the World Bank, but the president of PETROBRAS told me that when they were going to build the Itaipu dam, the bank raised similar and many more objections, but they went ahead and built Itaipu, which is larger than the gas pipeline project, so he was quite sure that this project will go ahead.

[PRESENCIA] What might the problems be in PETROBRAS? There was said to be internal opposition to the project.

[Miranda] The problem is that PETROBRAS, constitutionally, holds a monopoly on the import and supply of hydrocarbons in Brazil. That led the World Bank to raise that objection.

The problem is in the hands of the Brazilian Congress. Until 15 May, they are going to be reforming their Constitution and they are studying that and many other reforms. There is a strong inclination to take the monopoly on the import, transport, and marketing of hydrocarbons in Brazil away from PETROBRAS.

Where is it going to end up? We do not know, as this is an internal Brazilian problem. Some indications seem to suggest that PETROBRAS might retain a large part of its monopoly, but for gas it might no longer hold that monopoly.

If that happens, the financing problem would be much easier, because in the end, that will result in repayment guarantees for the loans they get to build the pipeline. With the monopoly, the view from outside is that PETROBRAS is not a sufficient guarantor, but if it loses the monopoly, those guarantees would exist.

So far, we know of three large consortia that would definitely like to compete to build the project. These include Enron, the BHP, Tenneco, and British Gas group, which has visited the country, and according to PETROBRAS, the French group TOTAL.

[PRESENCIA] Would this be with or without PETROBRAS as the majority enterprise?

[Miranda] Yes, it would be with or without PETROBRAS holding the majority.

[PRESENCIA] Is YPFB able to handle that job for the Brazilian part?

[Miranda] Yes, there would be no problem on the Bolivian side.

[PRESENCIA] Then why are you saying that the project will be built with private capital?

[Miranda] Because we decided that this project will be carried out fundamentally—not exclusively—with private investment.

[PRESENCIA] Why?

[Miranda] Because there is now no intention for YPFB to get involved in this type of investment. YPFB has no access to financing sources. One reason for its privatization is the closeoff of concessionaire multinational capital continuing with the state as a contractor.

[PRESENCIA] How much do you calculate will be invested on the Bolivian side?

[Miranda] About $450 million. Of that amount, half will easily be spent on materials and at least about $100 million on labor.

[PRESENCIA] And the Brazilian investment?

[Miranda] To Porto Alegre, about $1.6 billion. The total project is on the order of $2 billion.

[PRESENCIA] Does the Bolivian investment include the supply of gas to be exported?

[Miranda] No, that is another item. For the supply to the pipe, it is estimated—with a fairly good degree of precision—that we will invest about $700 million over the next 10 years to develop fields, build feeder lines, and put a large plant in Rio Grande.

[PRESENCIA] To whom will the gas pipeline belong?

[Miranda] To the transporting enterprise, but our legislation will state that any gas producer, not just YPFB, may enter this pipeline. We have to see two things: that YPFB has the sales contract, it must provide; and the transporter will be the one that has the line and carries the gas. This line will be a "common carrier," so any enterprise will have the right to enter the line by paying its toll fee. All this, controlled by the regulatory agency, will be set up as part of the privatization process.

Argentine Compensation

[PRESENCIA] Could you explain the contents of the agreement that has been signed in Argentina?

[Miranda] We have signed a three-year sales contract. We are going to increase the volume of gas a little. Before, we were selling 200 million cubic feet and we are going to raise that to 215, and we are also increasing the "take or pay."

[PRESENCIA] What is "take or pay"?

[Miranda] These things are not absolutely precise; there are seasonal fluctuations in demand and other factors, so "take or pay" means that the purchaser is obliged to pay the seller for a minimum volume of what has been contracted, even if he does not take the entire amount. This is called "take or pay," meaning that even if you do not receive, you still have to pay. In the petroleum world, gas contracts are written with "take or pay" clauses of 80 or 75 percent. We got 92.5 percent.

[PRESENCIA] So if you do not use the gas, you pay us 92.5 percent of what was agreed?

[Miranda] Of the volume of which we spoke. The previous contract had an 85 percent "take or pay" clause.

[PRESENCIA] What does Argentina do with that unused gas?

[Miranda] It puts it into its system, which it has to sell, and if not it will still have to pay for it. Fortunately, we have not had to use a "take or pay" with Argentina. They took everything we sent. We are now beginning a seasonal pricing mode: in winter it costs a little more and in summer a little less. The first year the price is going to be 1.05 [denomination not given] in summer and 1.10 in winter; the second year, 1.10 and 1.15; the third year, 1.15 and 1.20. And the door has been left open so that in the future, prices can be set based on variations in fuel oil prices. But that is still a potential arrangement.

[PRESENCIA] The contract also includes the possibility of importing and exporting other by-products....

[Miranda] Yes. As a consequence of the termination of the old arrangement and starting new accounts, it was agreed that Bolivian gas could enter the deregulated Argentine market without any tariff and that it would be treated like Argentine gas. In exchange, Bolivia also lowered tariff barriers on all of Argentina's petroleum by-products until the year 2002.

The change that has been introduced means that there is now no time limit, it is indefinite. So this creates a free energy market between Bolivia and Argentina, bearing in mind that we are becoming a gas distribution center.

[PRESENCIA] In those conditions, is it possible that Argentina may send us gasoline that is cheaper than YPFB's gasoline?

[Miranda] I do not think so, theoretically no. Do not forget that when we deregulate the market, which we are going to have to do in 120 days, we are going to enter a new system of setting prices in Bolivia.

There will no longer be transfers from YPFB to the Treasury (which come to 65 percent); instead, there will be the ICE [Specific Consumption Tax]. So from now on, it will be the company's efficiency that will enable it to obtain the lowest possible cost. Right now, we are bringing diesel fuel from Argentina which, since there is no ICE or transfer, is an excellent deal. But when we start the ICE system, we are going to have an intermediate import and export parity model that will make it almost a matter of indifference whether it is a Bolivian or imported product.

[PRESENCIA] Luckily, gasoline prices did not go up at the start of the year....

[Miranda] That is part of the reason why.

[PRESENCIA] But will they go up automatically?

[Miranda] No, we do not expect prices to rise, because in this system what interests us most is that the ICE replaces YPFB's 65 percent transfer. It will be a tax in the full meaning of the word. Then YPFB will be able to compete perfectly. It has been hard to compete with YPFB, because all the pipelines are set up for domestic consumption, and bringing products in from other countries to Bolivia is difficult. We do not believe that will cause major disruptions; perhaps in some products there may be some things that do not work smoothly, but I do not think it will cause any problems for the Treasury.

[PRESENCIA] And for the citizens?

[Miranda] Or for the citizens, for if the YPFB product plus the ICE is too expensive, the imported product will take away its market.

[PRESENCIA] What does it mean that YPFB and YPFSA [Government Oil Deposits, S.A.] (of Argentina) can join in an association?

[Miranda] The association contract that has been initialized and that will take effect very soon is our first such contract in Bolivia. It means that YPFB signs an association contract with YPFSA of Argentina. YPFSA conducts the operation at its own risk, using its own resources. When there is commercial production, YPFB has the option of working in association or continuing with an operating contract like the ones we already have, and for everything that has been invested, YPFB only acknowledges the costs of commercially exploitable wells.

[PRESENCIA] One last issue with Argentina. They have made a payment to us of $84 million. Why?

[Miranda] Basically, they have given us $84 million, of which $50 million is fully and totally available, and $34 million is to be used for border development projects.

[PRESENCIA] Why are they making this payment?

[Miranda] Our proposal goes like this: "Gentlemen, as you are our sole gas market, you set the price (this is the truth; as we do not have anyone else to sell it to, they set the price), and as you put us in the position of keeping all of your economic activity balanced, you have to compensate us." That was the rationale behind that proposal.

We Are Changing the Nation

Carlos Miranda was inevitably asked about the privatization of YPFB and ENDE, which are now under his stewardship.

In both cases, he expressed confidence that this process will move forward, although slowly.

He said YPFB's value is between $1.5 and $2 billion, but there are some variables that could cause its value to rise.

[PRESENCIA] Who will be the owner of the pipelines?

[Miranda] The party who privatizes it: the state is completely withdrawing.

[PRESENCIA] What does the clause in the Privatization Law mean, which says that hydrocarbon resources remain the "property of the state and are inalienable and nontransferable"?

[Miranda] That means that the state, when it privatizes or awards areas through contracts or licensing arrangements, is not giving away the reserves, which remain under its control.

[PRESENCIA] What does market deregulation mean for hydrocarbons?

[Miranda] Deregulation will be a gradual process. In a country full of ports it is very easy to do this; in Bolivia the process is quite complicated. At first, it will mean that YPFB's transfers will be compensated with both sales and production taxes, and that prices will not be set by decree, as they are now, but by the workings of supply and demand.

[PRESENCIA] YPFB now has contracts with a number of companies. Will the privatization process include them?

[Miranda] One issue that is being discussed is whether we will privatize YPFB by itself or with its contracts as well. If we take the first route, the companies will be able to sell their products. If we choose the second route, everything is going to pass through the hands of the privatized YPFB.

Those two positions both have their pros and cons. If we privatize YPFB with its contracts, we are replacing a public monopoly with a private monopoly. Of course, here the regulatory agencies will be greatly involved in order to avoid any unfair consumer practices. That is what concerns us. The other model will be simpler, as they will enter a full competition system.

Electricity

Then Miranda explained the benefits of privatizing ENDE, even though the company now generates profits and performs a social function by undertaking unprofitable projects, especially in rural areas.

"First, ENDE is now a financially sound company as the Treasury has covered over $100 million of its debts. To continue expanding, ENDE is in the same position as YPFB. It would have to turn to external financing that is closed for this type of project, so the possibility of ENDE's expansion, not in the short term, as it has financing for the next two or three years, might be a problem."

He added that "the model is adjusted so that Bolivia can substantially increase the rate of growth of its Gross Domestic Product. That will present major energy requirements, as we will need energy in order to grow. ENDE can handle a growth of 3 percent, but if we raise this rate to 6, 7, 8, or 9 percent, there will be big financing problems, and that is one of the fundamental reasons for privatizing ENDE."

"By privatizing ENDE—and we are quite sure about the model—we want to create the conditions for healthy competition."

Rural Electrification: the Third Arm

Miranda explained that rural electrification is complicated "because the problem of rural areas is not simply electricity. In essence, it is a problem of poverty: of being able to bring energy in any form (electricity, LPG [Liquefied Petroleum Gas], kerosene, unconventional forms of energy), and then having the ability to pay for it."

To deal with that situation, his office is working on a plan to establish the DIFER [Office of Rural Energy Promotion], which will serve as a link between organizations like NGO's [nongovernmental organizations], foundations, and multilateral and private institutions, with municipalities, in order to finance specific projects in specific areas.

Local participation will be involved in that process because, with that, communities will be able to determine precisely what their needs are and develop appropriate projects, which will not necessarily involve electricity.

He made it clear that that plan "is outside the privatization plan, but it is not intended that the state will do everything, for that has been a failure."

Enthusiastically, he said this is "our third big plan and it is the one which presents the greatest challenges, because to set loose, absolutely in the hands of market forces, almost 50 percent of the rural population would not be very prudent. We need to develop a system to give rural inhabitants access to energy."

He insisted that "this still needs to be worked out, for we have to coordinate this very well with all the social development programs. We have to recognize the problem of agriculture, the problem of energy for agriculture is the problem of poverty. This is a slow and complex process, but we are putting much faith in the process."

Roundup of Economic Reports

PY0505210294

[Editorial Report] The following is a compilation of reports on economic activities monitored through 5 May.

The Industry and Commerce Secretariat reported that non- traditional exports totalled $76 million in the first quarter, an increase of 72 percent compared with the same period last year, when it was $44 million. (La Paz LA RAZON in Spanish 26 Apr 94 p B5)

The Bolivian Central Bank, BCB, reported that the foreign reserve account registered a $18 million deficit in the first quarter. Income totalled $365 million, while expenses rose to $383.1 million. (Santa Cruz EL MUNDO in Spanish 26 Apr 94 p 9)

The BCB reported that the debt owed to private banks dropped from $672.4 million to $9.8 million in five years as a result of the effective negotiations conducted by the government with its creditors. (La Paz LA RAZON in Spanish 29 Apr 94 Economic Section p B2)

Edmundo Salvatierra, Bolivian Government Oil Deposits industrial manager, reported that the average daily oil production in Chapare rose from 6,500 to 7,100 barrels in the past few weeks. The Chapare hydrocarbons fields also produce 60 million cubic feet of gas daily. (Santa Cruz EL MUNDO in Spanish 28 Apr 94 National Section p 5)

Bolivian Private Business Confederation President Carlos de Chaza reported that private investment increased 300 percent between 1988 and 1992, totalling $420 million through 1992. (La Paz HOY in Spanish 28 Apr 94 Economic Section p 18)

National Statistics Institute President Luis Jemio reported that the economy grew 4.4 percent in the year's first quarter. The industry, agriculture, livestock, mining, transport, and hydrocarbons sectors registered increases. (Madrid EFE in Spanish 2035 GMT 30 Apr 94)

Brazil

Commentary Condemns U.S. Subsidies

PY0603000394 Rio de Janeiro O GLOBO in Portuguese 5 May 94 p 26

[Unattributed commentary: "Trade Ethics"]

[Text] President Bill Clinton is correct in promoting exports, which are responsible for 80 percent of U.S. economic growth and also for more than 12 million direct jobs.

But as a world trade leader and defender of ethical, free, and fair competition in international trade, the United States should be the first to observe the rules, and set an example of what it preaches.

Following the donation of $800 per ton of frozen chicken exported to Arab countries, the U.S. Government has now decided to grant a bonus, within the same system of subsidies (Export Enhancement Program), of $47 per ton to help sell 798,000 tons of wheat to the PRC.

The United States thus has no authority to demand within the GATT/World Trade Organization that developing countries (like Brazil, India, etc.) be condemned for "social dumping" for having lower salaries in their export production sectors than do the industrialized countries.

Franco Meets Angolan President Dos Santos

PY0605021194 Madrid EFE in Spanish 2342 GMT 4 May 94

[Text] Brasilia, 3 May (EFE)—Official sources reported that the presidents of Brazil and Angola, Itamar Franco and Eduardo dos Santos, met today in Brasilia. They discussed the Angolan civil war and Nelson Mandela's election as the new South African president.

Dos Santos, who has been visiting the resort of Ilheus, in Bahia State, for the last 15 days, paid Franco a courtesy visit. The two presidents analyzed the political situation of the southern African countries and other matters of common interest.

A presidential spokesman said: "It was an informal meeting between the presidents of two friendly countries."

Franco and Dos Santos evaluated the electoral victory of Mandela and of his party, the African National Congress. They considered this victory positive from the political point of view of Angola and the other countries of the southern region of the African continent.

The two presidents also exchanged ideas about the first summit of Portuguese-speaking countries, which will be held in Lisbon in June. The summit will be attended by the presidents and chiefs of state of Brazil, Portugal, Angola, Mozambique, Cape Verde, Guinea-Bissau, and Sao Tome and Principe.

Franco Congratulates South Africa's Mandela

PY0605013494 Madrid EFE in Spanish 2135 GMT 4 May 94

[Text] Brasilia, 4 May (EFE)—Brazilian President Itamar Franco today praised his future South African counterpart, Nelson Mandela, for his victory in the recent elections and for his epic fight in favor of democracy and against racial discrimination.

Franco, who is 62, sent Mandela a 62-line message stating that his victory revitalizes freedom, and represents a sign of hope for humankind and a historic deed for South Africa that will have repercussions over the entire African continent.

Franco told Mandela: "The long epic battle Your Excellency and the African National Congress have fought against racial discrimination has been closely followed from this side of the Atlantic Ocean, with a profound spirit of solidarity."

Franco pointed out that the new political panorama will make it possible to promote bilateral relations and cooperation, the potential of which he considers to be unexplored.

In a note sent to current South African President Frederick de Klerk, Franco praised his stature as a statesman, which made possible the transition process culminating in the installation in South Africa of a multiracial democracy.

Foreign Minister Celso Amorim will represent the Brazilian president at Mandela's installation ceremony, which will be held in the South African capital on 10 May.

Amorim Holds Trade Talks in Paris

PY0605020394 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 5 May 94

[Text] Foreign Minister Celso Amorim today met French ministers and entrepreneurs in Paris. He said that the objective of his trip was to strengthen bilateral exchange in the areas of technology and trade.

From Paris, Minister Celso Amorim will go to Pretoria, South Africa, to represent President Itamar Franco at the installation ceremony of African leader Nelson Mandela next week.

The foreign minister said that Nelson Mandela's electoral victory has great political importance for the world.

[Begin Amorim recording] This opens important economic prospects for Brazil. Two months ago we already sent a commercial mission to South Africa. It also opens up broader prospects for cooperation with the African continent as a whole.

I believe that his election will also be important for the Angolan peace process, which is an important objective for Brazil. It will also contribute to consolidating the peacemaking process in Mozambique. [end recording]

'Dumping' of Spanish Sausage Casings Alleged

PY0505225?94 Madrid EFE in Spanish 2214 GMT 4 May 94

[Text] Brasilia, 4 May (EFE)—Official sources reported today that the Brazilian Foreign Trade Secretariat will be investigating the alleged "dumping" (unfair trade practice) of sausage casings imported from Spain and the United States [as received].

The case began following a charge presented by the U.S. Hoechst company against the Spanish company Viscofan. The two companies are competing in the Brazilian sausage casings market, which moves $10 million annually.

The investigation involves 2 million tons of this material imported in 1993.

The sausage casings manufactured in Brazil by Hoechst are more expensive than those imported from Spain by Viscofan, which has businesses in Germany and is looking at opening a factory in Brazil.

The Foreign Trade Secretariat will also begin an investigation by mid-May of wheat imported from Germany at subsidized prices. Argentina is the main wheat supplier for Brazil.

Investigation Into Narcotics-Lottery Link Halted

PY0605021394 Rio de Janeiro O GLOBO in Portuguese 5 May 94 p 8

[Text] If it is left up to the Military Police [PM] to investigate the connections between the illegal numbers lottery and international drug trafficking, District Attorney Antonio Carlos Biscaia may become frustrated. The investigations have stopped and, according to sources from the PM Secret Service (P-2), anyone who insists on investigating on his own could be punished. Authorizations for cars and agents necessary for operations that must be carried out in Bangu, Campos, and Angra dos Reis—where there is a strong indication of links between illegal lottery kingpins and drug traffickers—have been canceled.

Biscaia, who does not trust the civilian police, is unable to investigate any charges of drug trafficking links due to lack of support from the PM. The P-2 agents have not even analyzed a telephone book confiscated in an illegal lottery kingpin's home in Praca da Se, Bangu, which contains telephone numbers of the Cali cartel in Colombia, the main drug trafficking cartel in the world. According to secret service sources, the PM alleges that such operations are meant to politically harm former Rio de Janeiro Governor Leonel Brizola and current Governor Nilo Batista.

The information leaked by an accountant for illegal lottery kingpin Castor de Andrade to the PM secret service—which links Fernando de Miranda Iggnacio, Andrade's son-in-law, who is detained at a Polinter [Inter-State Police] precinct, with Colombian drug traffickers—could also not be confirmed, because the P-2, with the dismissal of Lieutenant Colonel Marco Antonio Paes de Oliveira, has practically been dismantled. The most active P-2 agents were transferred to other units or given anticipated vacations.

According to the same sources, any evidence of the links between the illegal lottery and drug trafficking could strengthen the district attorney's position and, on the other hand, weaken the state government and PDT [Democratic Labor Party] politicians mentioned in the lists of the illegal lottery kingpins.

To worsen the situation, the Federal Police is on strike, and the information about passport numbers, and arrivals and departures from the country, cannot be checked out, not even by the prosecutors. For this reason, and to gain time, Biscaia is concentrating on the charges of active and passive corruption which require only the analysis of computer diskettes and accounting books confiscated from the illegal lottery kingpins, and which list the names of politicians, prosecutors, judges, journalists, artists, and athletes.

Roundup of Economic Reports

PY0505212094

[Editorial Report] The following is a compilation of reports on economic activities monitored through 5 May.

Energy Minister Alexis Stepanenko on 29 April announced that Petrobras—Brazilian Petroleum Corporation—may no longer pass on the cost of oil importation taxes to consumers in the price of fuel. The taxes affect the importation of oil and by-products. Petrobras has so far paid a 38 percent tax on crude oil imports, which was passed on to consumers in the form of higher fuel prices. The corporation will now have to absorb the cost of this tax. (Rio de Janeiro O GLOBO in Portuguese 30 Apr 94 p 1)

The Institute of Nonferrous Metals has reported that in the first quarter of 1994 the production of nickel stood at 3,491 tonnes, and that during the same period in 1993 nickel production stood at 3,915 tonnes. These figures show that during the first quarter of 1994 Brazilian nickel production dropped by 10.82 percent with respect to the same period in 1993. (Sao Paulo GAZETA MERCANTIL in Portuguese 3 May 94 p 14)

The last stage of the privatization of the National Iron and Steel Company—CSN—was concluded during the week ending 23 April. The shares that still had to be sold, amounting to 9 percent of the enterprise's capital, were sold in two auctions conducted in March and last week. The operation yielded $1.494 billion. (Sao Paulo O ESTADO DE SAO PAULO in Portuguese 28 Apr 94 p B4)

The average general price index stood at 40.91 percent in April. This figure stands almost 5 percentage points below the 45.7 percent rate that was registered in March. (Sao Paulo O ESTADO DE SAO PAULO in Portuguese 1 May 94 p A14)

Professor Roberto Cavalcanti, of the National Institute for Advanced Studies, on 27 April submitted a research paper reporting that there are 39.2 million poor people in Brazil, of whom 21.7 million are in the northeastern region, and that there are 3.1 million poor people in the three southeastern metropolitan regions—Sao Paulo, Rio de Janeiro, and Belo Horizonte. Cavalcanti considered poor the members of a family whose monthly per capita income stood below $35, in values that were in force in 1990. (Sao Paulo FOLHA DE SAO PAULO in Portuguese 28 Apr 94 p 10)

The balance of trade registered a $1.03 billion surplus in March. This figure is 31.97 percent lower than the figure registered in March 1993. Ailton Barcellos, executive secretary of the Ministry of Industry and Commerce, on 27 April reported that exports in March 1994—which stood at $3.351 billion—dropped by 4.67 percent with respect to March 1993. Imports, which stood at $2.321 billion in March 1994, grew by 15.99 percent. (Sao Paulo O ESTADO DE SAO PAULO in Portuguese 28 Apr 94 p B7)

On 29 April Petrobras began operating the 1,027 meter deep Marlim-4 oil well in Campos Basin, off the coast of Rio de Janeiro. This is Petrobras' deepest underwater oil well. The well is part of the Marlim Sur Master Project, in which $34 million has been invested. Marlim-4 will produce 6,300 barrels per day at a cost of $3.45 per barrel. (Sao Paulo GAZETA MERCANTIL in Portuguese 2 May 94 p 13)

Chile

Senator Sees 'Few Accomplishments' in Talks With U.S.

PY0505170494 Madrid EFE in Spanish 1600 GMT 4 May 94

[Excerpts] Santiago, 4 May (EFE)—Today, some Chilean officials and congressmen predicted that complex negotiations are required if we are to either sign a free trade agreement with the United States or join NAFTA. They all, however, lauded the steps taken.

On 3 May, Chilean Finance Minister Eduardo Aninat and U.S. Trade Representative Michael Kantor agreed in Washington to hold preliminary talks by late May and formal negotiations tentatively by mid-September. [passage omitted]

Senator Sebastian Pinera of the rightist National Renewal Party (RN) said the step taken is positive, "and we now expect the United States to sit at the negotiating table and make it come true." Pinera noted: "There have been many words but few accomplishments," adding that "four years have passed since (former) President George Bush promised Chile would follow Mexico."

Juan Salazar, director of economic relations at the Foreign Ministry, expressed greater optimism, stating that "Chile is prepared" to start negotiations because it meets the requirements set by the U.S. Government concerning trade agreements. Salazar added that he believes there is a somewhat unjustified alarm in Chile about the U.S. requirements because the two countries already engaged in consultations and exchanged views on legislation, trade procedures, and the degree of economic opening. In remarks to the newspaper LA NACION, Salazar said: "Chile is at quite an advanced stage in these areas. This is why the United States puts us in first place."

IAPA Leaders Meet Frei, Reject Press Bill Provision

PY0505160194 Madrid EFE in Spanish 2052 GMT 4 May 94

[Text] Santiago, 4 May (EFE)—Today, Chilean President Eduardo Frei met with Inter-American Press Association [IAPA] President Raul E. Kraiselburd, who is an Argentine citizen, and with other members of the IAPA executive board.

The IAPA representatives reiterated to Frei their rejection of the requirement that every journalist have a university degree to be able to practice journalism in Chile. The requirement is included in the new press law proposal the executive branch has submitted to Congress.

IAPA, which represents owners of 1,300 print media organizations in the continent, has repeatedly criticized the above requirement through resolutions issued during its assemblies.

Kraiselburd handed Frei a copy of the Chapultepec Declaration, which outlines the IAPA position on freedom of expression adopted in a continental meeting held recently in Mexico.

Attending the meeting with Frei were IAPA directors Andres Garcia Lavin of Mexico, Roberto Pulido of Chile, Danilo Arbilla of Uruguay, Oliver Clark of Jamaica, and IAPA executive director Julio E. Munoz.

The IAPA directors are attending an international seminar on "Development of Mass Media and Democracy in Latin America and the Caribbean." It opened in Santiago on 2 May and is scheduled to conclude on 6 May.

Air Force Studies Introduction of Russian Technology

PY0605040094 Santiago EL MERCURIO in Spanish 30 Apr 94 p C2

[Excerpt] General Ramon Vega Hidalgo, commander in chief of the Chilean Air Force [FACh], has said the

institution is analyzing Russian aerospace technology and will possibly introduce it into the systems it currently possesses.

He pointed out that "together with the Russians, we are evaluating the possibility of introducing their technology into our national systems, and then establishing programs with them." He explained that it is a slow process.

Gen. Vega reported that for many years the FACh has been working on concrete technological programs with U.S. academies and universities, and training engineers in electronics, communications, and computing, as well as creating new systems for the institution.

At noon yesterday, the FACh commander in chief granted an interview to the media at the end of a ceremony celebrating the 57th anniversary of the Air War Academy. [passage omitted]

Senate President Heads Delegation to South Africa

PY0605034594 Madrid EFE in Spanish 1700 GMT 5 May 94

[Text] Santiago, 5 May (EFE)—Chilean Senate President Gabriel Valdes will head the official Chilean delegation attending next week's inauguration of the leader of the African National Congress (ANC) in South Africa, Valdes himself reported today. The Christian Democratic Senator said he is very satisfied to represent Chile "at an historic event."

Valdes stressed the value of democracy, "which has given the black South African majority what they could not attain during so many decades of bloody fights," and also underlined the peaceful elections held last week.

The South African people have demonstrated "great devotion and respect in expressing their position through elections," the Chilean politician said, after which he spoke about the personalities of Nelson Mandela and outgoing President Frederik de Klerk.

Mandela "is the hero of this historic moment," and De Klerk "managed to make the whites accept the voice and the vote of the majority" of the people, Valdes said. He added that the two have demonstrated that they truly deserved the Nobel Peace Prize they were awarded last year.

Argentine Ambassador on Mercosur, Relations

PY0505184394 Madrid EFE in Spanish 2020 GMT 3 May 94

[Text] Santiago, 3 May (EFE)—Today, Argentine Ambassador to Santiago Eduardo Iglesias said his country will "warmly welcome" Chile's entry into the Common Market of the South (Mercosur), which comprises Argentina, Brazil, Uruguay, and Paraguay.

During a news conference, the ambassador said the decision to join Mercosur is the exclusive decision of the Chilean Government, adding that if it wishes to do so, the Chilean Government can study this possibility without any haste.

Iglesias voiced satisfaction because he has found, as he put it, a new predisposition in the Chilean authorities regarding Mercosur, especially in Finance Minister Eduardo Aninat and Economy Minister Alvaro Garcia, and in Juan Salazar, the director of the International Economic Relations Department of the Foreign Ministry.

The ambassador said this after confirming that Argentine Economy Minister Domingo Cavallo will make an official visit to Santiago on 10 and 11 May, with the main objective of beginning "a new style of relations" with Chilean economic officials, which he referred to as "Dialogues of the Southern Cone."

During his visit, Cavallo will meet with President Eduardo Frei Ruiz Tagle. He will also deliver a lecture on the Argentine economic process and will hold working meetings with his Chilean counterpart Eduardo Aninat. Cavallo will also visit "Expomin '94"—Latin America's main mining fair—which will be held in Santiago next week.

Iglesias emphasized that Cavallo and Aninat have known each other professionally for 20 years, since the time they studied at the U.S. University of Harvard. He said he believes this will strengthen bilateral relations, "which are already extraordinary."

The ambassador added that at an economic level, Chilean-Argentine integration has had "fantastic" achievements, while bilateral exchange grew five-fold in four years, to $1.2 billion in 1993. He noted that during the first quarter of 1994, bilateral exchange grew by 15 percent with respect to the same period in 1993, adding that he expects it to reach $1.4-billion in 1994.

Country Joins UN Genetic Engineering Group

PY0605035594 Santiago EL MERCURIO in Spanish 29 Apr 94 p C11

[Article by Jose Maria Lopez Barajas]

[Excerpt] Vienna—Chile's admission into the International Center for Genetic Engineering and Biotechnology (ICGEB) represents an important diplomatic achievement for the country. Chile was admitted during the meeting in which the ICGEB was created in Vienna this week.

Chile will be a member of the ICGEB Governors' Board. The ICGEB is a UN organization, and its main objective is to study and conduct research in agricultural and livestock genetics to improve production. [passage omitted]

Roundup of Economic Reports

PY0505211094

[Editorial Report] The following is a compilation of reports on economic activities monitored through 5 May.

The Central Bank reported that the public sector's foreign debt was $19.628 billion through February, of which 64.4 percent corresponds to the nonfinancial sector and 25.5 percent to the financial institutions. The private sector's debt totalled $10.513 billion. (Santiago ESTRATEGIA in Spanish 13 Apr 94 p 7)

Budget Director Jose Pablo Arellano said public expenditure increased by almost 7 percent in 1993, with savings being 5 percent of the GDP. He also said social expenses grew 9.5 percent, and public investment 20 percent. (Santiago ESTRATEGIA in Spanish 21 Apr 94 Economic Section p 4)

Economy Minister Alvaro Garcia reported that foreign investment totalled $804.9 million in the year's first quarter, 19 percent higher than in the same period of 1993. Mining received the highest percentage of the investment, with 66 percent; services 20.9 percent; industry 7.1 percent; construction 2.9 percent; and agriculture 1.5 percent. (Santiago EL MERCURIO in Spanish 21 Apr 94 pp B1-B12)

The Central Bank reported that the trade balance registered a $135 million surplus in the year's first quarter as compared with the $75.5 million deficit registered during the same period in 1993. Exports totalled $2.5254 billion and imports $2.3904 billion. (Santiago EL MERCURIO in Spanish 26 Apr 94 pp B1-B6)

On 3 May, the Comptroller General's Office established a new telephone tariff system which entails a 21 percent reduction in fixed monthly rates. This measure will particularly benefit those people living in areas surrounding large urban centers. (Madrid EFE in Spanish 2319 GMT 3 May 94)

Colombia

Bank Official Explains Credit Restrictions

94SM0327A Santa Fe de Bogota EL TIEMPO in Spanish 3 Apr 94 p 2C

[Interview with Central Bank Codirector Maria Mercedes Cuellar by Luis Alberto Lopera: "The Government Has To Tighten Its Belt"; place and date not given]

[Text] The Colombian economy is adjusting, as a result of which problems involving increased credit, inflation, and greater revaluation must be solved.

If the national government does not check public spending, the Colombian economy could face serious difficulties in the months ahead.

Measures adopted by the Bank of the Republic's board of directors guarantee that private spending will be checked substantially by controls placed on domestic credits and obstacles preventing businessmen from building up foreign debts. However, such measures will yield positive results only if the government does its part.

This warning comes from Maria Mercedes Cuellar de Martinez, codirector of the Bank of the Republic, who said that if things go well, the economy will return to normal performance in a matter of months.

In an interview with EL TIEMPO, the issuing institute official said that the restriction placed on credit is not as tight as it appears to be because growth in loans of slightly more than 30 percent a year is more than sufficient based on the anticipated growth of the economy.

She said the measures would not be revised for the UPAC [constant purchasing power unit] system because there has been some price speculation in the construction sector due to the fact that it does not have sufficient capacity to meet the demand that has emerged in recent years.

She also said the country cannot afford the luxury of maintaining an undervalued exchange rate, noting that an ideal devaluation would be between 12 and 13 percent rather than the 8 percent to which it has fallen in recent weeks.

[Lopera] Why did credit shoot up and why did you take such a drastic measure to halt it?

[Cuellar] By mid-February, credit had quieted down and was growing in keeping with the anticipated parameter of 35 percent annually. This was an acceptable rate given last year's growth of over 50 percent.

During the last week of February and the early weeks of March, however, outlays of the financial system rose sharply. If things had continued as they were, we would have risen to a rate of over 60 percent or more for the year as a whole, an unmanageable figure.

That is why, following a great deal of discussion and analysis of what was happening, the board met and decided to control domestic credit and place restraints on the possibility of contracting debts abroad.

[Lopera] If businesses have gone so far into debt with international banks, why was credit growing so fast? Are these consumer loans?

[Cuellar] Financial credit is not only growing, but is also being democratized, which is very good for the economy because it shows that the reform of the financial sector is yielding results.

What is happening is that business has begun to redirect its efforts. Since the doors were opened last year for private debts abroad, the financial institutions had to go after other customers.

There is one very important additional fact however,. Businesses had previously set up chains of credit for others and we did not know how much interest they were collecting. According to reports from the Superintendency of Securities, enormous profits were made in this way, but the action of that middleman has now been curtailed.

[Lopera] Is it merely a problem of greater demand, or what is truly happening to the handling of the economy?

[Cuellar] What is happening is that the economy is adjusting and growth in credits is part of that adjustment. The problem is that while it is true that it is a very good process, the readjustment is happening too quickly and has generated other phenomena that we have to control, such as fast growth in means of payment (money in the hands of the public and current accounts). Monetary and exchange control is more difficult in an open economy.

[Lopera] What are these phenomena and how do you intend to attack them?

[Cuellar] Four problems have emerged. On the one hand, there is strong inflationary pressure, and the Bank of the Republic had to intervene with credit. That is a political and economic decision. Second, problems with the rate of exchange persist, and in the board's judgment we must protect Colombian exporters' ability to compete.

In addition, we have to begin to analyze why credit is growing so much: Is it because there is more income or because people are saving less? We now have evidence that the level of savings is dropping and that the financial system has more delinquent loans.

Fourth, there is excessive spending, both public and private. In the case of the former, the government is now pledging to postpone more spending, and temporary controls placed on credit will slow down growth in private spending. In order for the measures to function properly and be temporary, we must reduce spending on these two fronts.

[Lopera] But is that measure not very drastic and does it not cause many problems precisely at a time when the economy is being opened up?

[Cuellar] By law, monetary authorities cannot restrict credit for over 120 days (four months), but I do not think the decision implies any great restriction of the ministry in view of what the economy needs for good growth. Furthermore, borrowing abroad was not completely stopped, as some thought.

Postponing government spending is necessary because it rose 11 percent in real terms last year. It is estimated that this year, there could be a nominal increase of 37 percent in the Central Government alone.

[Lopera] Finally, is the government cutting or postponing spending? What kind of an agreement did the minister of finance make with the board?

[Cuellar] The government could end the year with a fiscal surplus of 500 billion pesos, equivalent to 1 percent of the gross domestic product (GDP). Without counting revenue from the cellular telephone and privatizations, the economy could end up balanced.

An estimated 100 billion pesos of those resources would be obtained as a result of greater efficiency in collecting taxes, plus another 200 billion by cutting or postponing spending. The remaining 200 billion could be "saved" by certain problems anticipated for the months ahead. The first is the Medellin Metro. The second is the fact that since the Statute on Administrative Hiring has just been signed, the signing of a few contracts has been postponed.

[Lopera] And what if the some 369 billion pesos in postponements and cuts announced at the beginning of the year cannot be made?

[Cuellar] If the government does not make those cuts and postponements, the situation may become more complicated in the months ahead. Nevertheless, we must remember that it is easier to cut or postpone spending in the Central Government, which is not the case at the other two levels: the decentralized and local levels, which are more difficult to control.

[Lopera] Do you think that with the check on foreign credit, we can truly avoid a revaluation of the peso? How much of a devaluation should be made in order not to discourage exporters?

[Cuellar] The country cannot afford the luxury of maintaining an undervalued rate of exchange. While it is true that there is no problem in short-range terms, we cannot allow this to go on for long. The real rate of exchange is already slightly below 100 points and the devaluation is at about 8 percent.

We hope that with reduced revenue in dollars and prepayments on the foreign debt that are being made, apart from greater control on the issuance of bonds in order to attract resources abroad, we will check the revaluation process.

The ideal devaluation rate would be between 12 and 13 percent.

[Lopera] It is argued that money laundering has risen greatly. Is that already reflected in international reserves?

[Cuellar] I do not know where such stories start or how they can measure such money laundering. So far this year, international reserves have grown only by about $110 million.

[Lopera] When credit was closed, it was said that the measure was an alarm for the financial system because there are more and more delinquent loans. What can you tell us?

[Cuellar] That is true. Loans due and payable are growing at such an alarming rate that according to one FEDESARROLLO [Federation for Development] study, loans six months overdue had risen by 66 percent! The financial sector will have to be more careful in handling its portfolio in order to avoid a repeat of what the country went through in the early 1980's.

[Lopera] The construction sector and particularly the savings and housing corporations are very unhappy with the restriction on credit because they are the ones who will feel the effects the most. Do you expect to adjust the rules to facilitate their operations?

[Cuellar] What is happening in the construction sector is that it has been unable to meet the high demand. They do not have sufficient, which is generating some price speculation. Housing construction costs are among those that have risen the most since last year because neither the cementworks nor the brickyards are providing an adequate supply, and the producers of other types of goods are in the same situation.

If they cannot meet demand, they can perfectly well sell less without putting upward pressure on prices for such goods.

Rodriguez Orejuelas Protest Media Attention

94WD0337Z Santa Fe de Bogota CAMBIO 16 in Spanish 21 Mar 94 p 6

[Letter submitted to CAMBIO 16 by Gilberto and Miguel Rodriguez Orejuela]

[Text] Because of the media's attitude toward us, an attitude motivated by a need to create a stronger impact and sensation with the news, as citing specific names certainly draws a wider audience and increased circulation, this arbitrary and constant persecution and the sacrifice of our constitutional rights by people who would rather make news than present the news is becoming intolerable to us. We are, therefore, making the following remarks.

1. The dissemination of this large amount of news, most often at odds with reality, persistently ignores our constitutional rights contained in Articles 15, 20, 21, and 29 of the National Constitution. We have not waived those rights, and we will defend ourselves by using the instruments provided by law.

2. The essence of a democratic state of law is based on the fundamental rights of the individual. These pillars of democracy cannot be resigned or renounced. One such right is the right to information contained in Article 20 of the Constitution in its two major aspects: the right to inform and the right to be informed. We respect this important and universal principle, and we defend its historic and political *raison d'etre*. There can be no doubt that we have always greatly respected, as we shall continue to do, the oral, written, and television media, because of the convictions imparted to us by our academic and political background.

3. A free press, so cherished by democracy, must act responsibly (Article 20, second paragraph of the Constitution). The parameters of this responsibility are described in the Constitution. The right to information loses primacy when it clashes with individual rights; therefore, it must be exercised truthfully and impartially (Article 20, first paragraph) so these rights will not be damaged.

4. Most recently, all news reports on the antidrug campaign and the seizure of prohibited substances that create physical or psychological dependency have been accompanied by three references that have become a standard and mandatory feature:
4a. Ownership of the cargo seized, no matter where these substances were found in Colombia or elsewhere, is attributed to the "Cali Cartel."
4b. It is stated that the Cali Cartel is an organization created and run by the undersigned.
4c. The article is illustrated with photos of the undersigned, depending on the desired magnitude of the impact.

We dispute all of the above: there is no proof to support the constant linkage of our names with the criminal deeds reported in the news. Even worse, it can be corroborated by the news accounts themselves that the reported events have no connection to us, and our names, photos, and images were used improperly only to give color, illustrate, and capture the attention of the listener, reader, or viewer.

5. Neither of the undersigned has ever been convicted in Colombia or in any other country of the crime of drug trafficking. We have borne the legal proceedings against us both here and abroad with dignity, decorum, and respect for justice.

6. According to our Constitution, those who bear great responsibility to ensure the community's respect for the Constitution, that is, the National Government, particularly the Office of the Prosecutor General and the Office of the Attorney General, and what is known as the fourth estate (the media), must perform their duties and uphold the principle of the citizens' equality before the law (Article 13 of the Constitution). Therefore, it is clear that the guarantee of the presumption of innocence contained in Article 29 of the Constitution protects us, and no one can incriminate us, especially publicly. This is illegal when no charges have been proven against us in any court, nor has our guilt been established by a definitive court ruling (Article 29 of the Constitution and Article 2 of the Criminal Procedures Code), the only judgment that a state of law accepts. Otherwise, we may at some time take legal action.

Because of our respect for the law, when any of the media has proof of criminal activity on our part, including a definitive conviction, we will not oppose publication of that information with whatever publicity the media

consider appropriate. But until that happens, we demand that our constitutional rights be respected and observed, by virtue of our status as Colombian citizens.

[Signed] Gilberto Rodriguez Orejuela, Miguel Rodriguez Orejuela, Cali

Paraguay

Roundup of Economic Reports

PY0505191294

[Editorial Report] The following is a compilation of reports on economic activities monitored through 5 May:

The Paraguayan Government has signed an agreement with the Republic of China (Taiwan) to avoid double taxation and prevent income tax evasion. The document was signed by Foreign Minister Luis Maria Ramirez Boettner and Taiwanese Ambassador to Asuncion Agustin Tingsu Liu. The agreement seeks to promote investments. (Asuncion ABC COLOR in Spanish 29 Apr 94 p 15)

On 3 May, the Paraguayan Central Bank reported that the inflation rate during April was 1.1 percent. The report adds that the accrued inflation rate for the year now stands at 9.2 percent while total inflation for the past 12 months totals 21.9 percent. (Asuncion ABC COLOR in Spanish 4 May 94 p 17)

Peru

Army Patrols Lima, Callao To Thwart Shining Path

PY0605011694 Madrid EFE in Spanish 1541 GMT 5 May 94

[Text] Lima, 5 May (EFE)—Today, the Peruvian Army and police will start patrolling Lima and the port of Callao to prevent possible terrorist attacks, as the 14th anniversary of the day, 17 May 1980, the Shining Path began its activities approaches.

Last night, there were four attacks with explosives against the offices of the state company Electrolima [Lima Electric Power Enterprise] and three other attacks against the Credit Bank in Lima, which caused only property damage.

According to a military communique, a similar attack took place on 3 May in the Military Village of Chorrillos District in Lima, with no casualties resulting.

On 17 May 1980, one day before the general elections in which Fernando Belaunde Terry was elected president for the second time, a Shining Path group entered the small town of Chuschi, Ayacucho Department, and destroyed electoral material. This was the first action of the terrorist organization.

According to sources from the Counterterrorism Directorate (Dincote) cited today by LA REPUBLICA, there is the fear that the Shining Path may unleash a campaign of violence in Lima on orders from its current chief, Oscar Ramirez Durand, alias "Feliciano."

There is also the fear that the Shining Path will increase its activities in memory of the events of 6, 7, 8, and 9 May 1992, when the security forces occupied the Canto Grande penitentiary in Lima after the terrorists took over the prison.

Meanwhile, hundreds of kilometers north of Lima in the jungle region of Huanuco Department, where a military operation against three Shining Path columns is being carried out, a captured terrorist, Ely Puertas, alias "Juan," revealed to EXPRESO the painful conditions of his colleagues.

Puertas says the "Mar Rojo Batallion" he belonged to has 300 men, many of them civilians who were recruited under the threat of death. He added that the Shining Path members are hungry and thirsty, as they have only tubers and fruit to eat, and they want to take refuge under the repentance law, but the chiefs prevent them from doing so.

Today, the Peruvian Government extended the state of emergency for 60 days in four provinces of the southern Andean Apurimac Department "to facilitate the operations against terrorism." There are no civil liberties in the emergency zones, which are under military control.

Drug Trafficker's Life Prison Sentence Commuted

PY0605035194 Madrid EFE in Spanish 1650 GMT 5 May 94

[Text] Lima, 5 May (EFE)—It was officially reported today that a Peruvian military court has annulled the life prison sentence imposed in March on drug trafficker Demetrio Chavez, aka Vaticano, and has sentenced him to 30 years in prison.

The maximum sentence for Vaticano was commuted by the Supreme Court of Military Justice (CSJM) because although it believed Vaticano cooperated with terrorist groups, he never participated directly in murders.

The CSJM, which also sentenced Chavez to pay $50 million in compensation to the government, reported that it has been proven that Vaticano maintained close links with terrorists, and exerted influence on armed groups, especially the Shining Path, based on his economic power.

"That allowed the Shining Path to intensify actions in that zone (the Huallaga Valley) and in several other parts of the country, with the resulting selective murders," a document released by the CSJM states.

The document says Vaticano's influence reached, among other zones, the Cuchara Valley, where since 5 April security forces have been carrying out a great antisubversive offensive.

The Shining Path protected the illegal airports and the landings and takeoffs of the airplanes in which Vaticano had been sending drugs to Colombia since 1990, the document states. In exchange, the drug trafficker gave the Shining Path weapons, ammunition, communications equipment, and from $10,000 to $20,000 in cash for every airplane that took off with 500 kg of cocaine.

Demetrio Chavez was arrested on 28 February in Cali, Colombia, during an operation coordinated between the Colombian and Peruvian authorities, and expelled on the same day to Peru as an "undesirable."

Economy Minister Leaves for Washington, Paris

PY0605011294 Madrid EFE in Spanish 1728 GMT 5 May 94

[Text] Lima, 5 May (EFE)—Peruvian Economy Minister Jorge Camet left today for Washington, although his final destination is Paris where he will report to the World Bank Consultative Group on the progress of the government program against poverty, which is being financed by that organization. In 1993, the Consultative Group granted Peru aid worth $900 million to fight poverty, of which $500 million have already been disbursed.

In his stopover in Washington, Camet will meet with Manuel Estela, Peruvian delegate before the IDB [Inter-American Development Bank] and director of the National Compensation and Social Development Fund (Foncodes), who will travel with Camet to Paris. During the group's meeting on 9 and 10 May, the Peruvian representatives will explain how the funds provided by the World Bank are being used.

A study will also be made of a report prepared by an IMF mission which recently visited Peru to evaluate the degree of poverty, Peruvian financial needs, and the functioning of the government organizations in charge of the struggle against poverty.

According to an Economy Ministry source, the main goal of the Peruvian delegates will be to commit the group to act as a promoter of foreign investment in Peru, and especially investment for the social sector.

The Paris meeting will also be attended by World Bank directors; representatives of the governments committed to the aid approved last year, such as the United States, Japan, and Germany; and delegates from the IMF, the IDB, and the UN organizations linked to the struggle against poverty.

Uruguay

Government 'To Withdraw' From Mercosur Talks

PY0505170194 Madrid EFE in Spanish 1250 GMT 5 May 94

[Text] Montevideo, 5 May (EFE)—The Uruguayan Government has decided to unilaterally withdraw from negotiations to establish a Common Market of the South [Mercosur] common external tariff until Brazil, the largest Mercosur member country, clarifies the terms of its proposal to create a continental free trade zone.

Official sources advised the press of the decision today. The decision was made by President Luis Alberto Lacalle at the suggestion of Economy and Finance Minister Ignacio de Posadas.

The minister argued that Uruguay must pay dearly for maintaining a very high external tariff and cannot permit other countries in the region to use the American free trade zone to allow products into Brazil "at a significantly lower cost."

Abreu Says No Withdrawal From Mercosur Talks

PY0605033294 Madrid EFE in Spanish 2306 GMT 5 May 94

[Excerpt] Brasilia, 5 May (EFE)—A Brazilian Foreign Ministry spokesperson told EFE today that Uruguayan Foreign Minister Sergio Abreu today guaranteed his Brazilian colleague, Celso Amorim, that Uruguay will not withdraw from the negotiations to establish the Common Market of the South (Mercosur) import tariffs.

Abreu got ahold of Amorim in Paris, where he is on an official visit, and during a telephone conversation denied a report published in Montevideo claiming that Uruguay had decided to withdraw from the negotiations due to disagreements over the Brazilian initiative to create a free trade zone in South America.

The Uruguayan delegation today continued its participation in Mercosur's Common Market Group, the main technical level for the integration mechanism, which is meeting this week in the Argentine capital. [passage omitted]

Roundup of Economic Reports

PY0505220394

[Editorial Report] The following is a compilation of reports on economic activities in Uruguay monitored through 5 May.

The construction industry continued to enjoy a boom during the first quarter of the year, as shown by increased sales of Portland cement for public and private construction, which grew by 80 and 11 percent respectively. Sales of gas oil and fuel oil dropped by 24 and 56 percent respectively in the first quarter. This is an indication of the recession that has been affecting the Uruguayan

industry for over a year. A 4.3 percent drop in the volume of milk processed at pasteurizing plants was also registered in the said quarter. There has been an upturn in livestock activities during this quarter, as wool exports grew by 27 percent and the number of cattle slaughtered increased by 13.4 percent. (Montevideo EL OBSERVADOR in Spanish 21 Apr 94 p 9)

The executive branch decreed an average 9 percent increase in gasoline prices. The measure entered into effect at 0000 on 27 April. (Montevideo EL PAIS in Spanish 27 Apr 94 p 1)

According to Uruguay's Merchant Products Chamber, the country exported 32.5 percent more wool during the period October 1993-March 1994 than during a similar period last year. The country exported a total of 64,139 tonnes of wool, expressed in terms of dirty wool. Of this total the equivalent of 10,863 tonnes was washed wool while 39,482 tonnes was industrialized wool. The main importers of dirty wool were the United Kingdom, the PRC, the Netherlands, Colombia, and the United States. The main purchasers of washed wool were Germany, Italy, the PRC, and the United States, and the main purchasers of industrialized wool were the PRC, Italy, Germany, and Hong Kong. (Montevideo EL PAIS 26 Apr 94 p 1)

There are two indicators of the good liquidity in the financial system at present. One is the considerable amount of overnight money deposited at the Central Bank on 25 April—337.5479 million pesos, at an annual rate of 29 percent. The second is the great influx of money in the biddings for Treasury bills in pesos with a 63-day maturity, which exceeds 100 million pesos every week. Interbank call money rates have also suffered the consequences of good liquidity, dropping to 31 percent annually. (Montevideo EL PAIS in Spanish 26 Apr 94 Market Indicators Section p 1)

The National Statistics Institute has reported that the unemployment rate in Montevideo dropped by nearly 1 percent in the first quarter of the year as compared with the corresponding period last year. It stood at 8.1 percent. This figure, however, does not represent a decrease in the number of people unemployed, but rather a decline in the working population. The retail sector is the most severely hit by unemployment, with 7.8 percent, followed by industry with a 7.5 percent unemployment rate. (Montevideo EL OBSERVADOR ECONOMICO in Spanish 27 Apr 94 p 7)

Construction costs were up by 7.1 percent in March, thus registering a 9.5 percent increase so far this year. Over the last 12 months costs have edged up by 51.6 percent. (Montevideo EL PAIS in Spanish 27 Apr 94 Market Indicators Section p 1)

Labor Unrest, Strikes Increase as Elections Approach

PY0605030794 Madrid EFE in Spanish 1556 GMT 5 May 94

[Article by Pepe Leira]

[Text] Montevideo, 5 May (EFE)—In Uruguay salary demands are leading to ever-increasing labor unrest, with indefinite strikes and the occupation of schools paralyzing public services and overshadowing the election campaign.

The third democratic Uruguayan Government to be chosen following the 12 years of the military regime (1973-1985) will be elected in this vote, which is scheduled for 29 November.

The conflictive situation has placed Luis Alberto Lacalle's government in a difficult position, due to a constitutional clause that prevents the party in power from using demagogic methods, and so does not permit salary increases for public employees during an election year.

The clause, which is traditionally respected by the government in power and by the labor unions, places obstacles in the way of any type of negotiation, and polarizes the sectors that are in conflict.

The problems originated with the settling of increases that had been approved last year, and their updating every four months based on the rate of devaluation and inflation.

The government has exerted strict financial control in order to maintain a fiscal balance, which seems to be far from what the public employees from some sectors, especially the judicial branch and the University of the Republic, expected.

The stoppages have increased, and the judicial branch has not functioned properly since it reopened after the yearly January vacation closure.

The employees are working "as a rule" no more than two hours daily, with continuous stoppages in order to participate in meetings.

A meeting has been called for today, and the employees may decide to call an indefinite strike "in view of the insensitivity of the Lacalle administration in not wishing to grant resources to the judicial branch to pay improved salaries," it was stressed.

In the university sector, seven colleges have been occupied for a week after professors, students, and officials called for an indefinite strike.

The government refuses to hand over fresh resources to the university, and has asked it to reduce expenditures, or at least make the students who can pay tuition fees, as has been authorized, and take deductions from wages for the days employees have been on strike.

The autonomous authorities of the university refuse to give up the traditional "free tuition" for higher learning.

The strike is also affecting Montevideo's main hospital, which belongs to the university, and scientific research institutes.

The conflicts have intensified as the political activities heat up in the search for votes in the national and municipal elections scheduled for November 1994.

The last two remaining ministers from the opposition Colorado Party left the cabinet on 5 May in order to participate in the election campaign: Industry Minister Eduardo Ache and Tourism Minister Jose Villar, who were replaced by Miguel Galeano and Mario Amestoy of the National Party (Blanco), which is currently in power.

Uruguayan President Luis Alberto Lacalle thanked a sector of the Colorado Party for its cooperation and "patriotism" in the government coalition, which was forged on 1 March 1990, but which slowly eroded after the resignations of two of the four opposition ministers in less than two years.

The opposition has begun to attack the government, accusing Lacalle of having started the election campaign early with tours in the interior of the country in an attempt to improve the government's image.

Lacalle's National Party is, for the first time in history, in third place in the polls, behind the Colorado Party and the leftist coalition Broad Front.

The president defends himself in stressing that his government has always been close to the people, and that he has taken on only those tasks that he promised to before becoming president.

Venezuela

Bank Not To Create Secondary Exchange Market

PA0605021694 Caracas Radio Nacional de Venezuela Canal Clasico Network in Spanish 2200 GMT 5 May 94

[From "The National Newscast"]

[Text] After a meeting between the Central Bank of Venezuela [BCV] Board of Directors and private bank representatives, Juan Tomas Santana, president of the National Banking Association, said the BCV has not proposed the creation of a secondary foreign exchange market.

[Begin Santana recording] A meeting was held among the National Banking Association Council and delegates of the country's six leading banks. The association, in agreement with the BCV, deemed it advisable to invite the commercial bank presidents to talk about the foreign exchange market. Therefore, all of the bank presidents were invited to the meeting [words indistinct] with the presence of the association, the BCV director [words indistinct] and member of the bank's Board of Directors, and [words indistinct]. They reported to the rest of the banks on the nature of [words indistinct]. The foreign exchange rate should be established by the market itself. The media would do well in reporting that the BCV has not proposed the creation of a secondary exchange market [words indistinct]. [end recording]

Banking Leader Says Exchange Market Controlled

PA0505150694 Caracas Union Radio Network in Spanish 1100 GMT 4 May 94

[Report by Vicente Briceno from Miraflores Palace for the "Union Radio News" newscast—live]

[Text] The situation recently provoked by the abrupt increase in the dollar's price, from 118 to 127 bolivares, prompted a meeting between President Rafael Caldera; Jose Bouza Izquierdo, chairman of the National Banking Council; and Berend Roosen, commissioner for financial reforms; as well as Andres Caldera, minister of the Presidency Secretariat, and Ciro Anez Fonseca, minister of agriculture and livestock.

The well-known banker attributed Friday's decrease in the rhythm of the devaluation, from 5 percent to 2.5 percent, to actions that were coordinated by the Central Bank of Venezuela and private banks. This has managed to positively control the dollar's exchange rate which has prevailed since last week.

[Begin Bouza Izquierdo recording] Nothing new or different is happening. The government has just ratified one more time that a foreign exchange control or a maxi-devaluation are not part of our current plans. I believe this is enough to believe we do not have to rush out and buy foreign currency with anguish, under pressure, or with nervousness. In fact, this only pushes the price upward and people who go to the parallel market will pay amounts that far exceed the foreign currency's real value. The banks are within the limitations that are characteristic of the operations we carry out, supplying the foreign currency that the Central Bank of Venezuela passes on to us. Our actions are within an absolutely regular scheme. I do not think we should feel concerned or nervous. That will only worsen the situation. [end recording]